CITY OF DESOTO, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Prepared by the

FINANCIAL SERVICES DEPARTMENT

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Interim Managing Director of
Finance

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MANAGER
Isom Cameron

INTERIM DEPUTY CITY MANAGER

Tracy L. Cormier

CITY COUNCIL

Rachel Proctor, Mayor

Pierette Parker, Council Member
Nicole Raphiel, Council Member
André Byrd, Council Member
Dinah Marks, Council Member
Crystal Chism, Council Member
Letitia Hughes, Mayor Pro Tem

ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE

CITY OF DESOTO, TEXAS

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023

Prepared by:
Financial Services Department

CITY OF DESOTO, TEXAS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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INTRODUCTORY SECTION

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March 28, 2024

To the Citizens of the
City of DeSoto, Texas

In accordance with State Law, municipalities are required to publish a complete set of audited financial statements with an opinion. Accordingly, these documents must be submitted within six (6) months after the end of any given fiscal year (FY). This detailed report fulfills that requirement for the FY ended Saturday, September 30, 2023.

Management assumes full responsibility for the completeness and reliability of information contained within this report, which is based upon a comprehensive framework of internal controls that were established for this purpose. The costs associated with implementing these internal controls should not exceed its anticipated benefits. In particular, the overall objective is to provide a reader with reasonable and not absolute assurance that all financial statements are free of material misstatements.

At the conclusion of the FY that ended on Saturday, September 30, 2023, Pattillo, Brown & Hill, LLP, Certified Public Accountants issued the City of DeSoto an unmodified ("clean") opinion. This independent auditor's report can be found at the front of the financial section of this document.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report that includes a narrative introduction, overview, and an analysis of basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with the entire document to ensure complete understanding.

Profile

Located in the Best Southwest region of Dallas County, the City of DeSoto is in close proximity to downtown Dallas and has a total area that covers 21.6 square miles. In 2023, it was estimated that the City of DeSoto had 57,583 residents. This growing community has access to three (3) major thoroughfares, I-35 (eastern border), Highway 67 (western border) and I-20 (northern border).

As a political subdivision and municipal corporation of the State, the City of DeSoto adopted a home rule charter that serves as its governing document regarding local issues. This enabled the residents to establish a Council/Manager form of government. The policy-making body is comprised of six (6) Council members and a Mayor. These elected officials enact local legislation and adopt annual budgets. They are also responsible for appointing the City Secretary, City Attorney, City Manager and Judge.

The City Manager serves as the Chief Administrative Officer and is responsible for managing all municipal operations. Major services provided under general government and enterprise functions are: public safety (police and fire), street maintenance, water and sewer service, parks and recreation, library, and general administrative services.

Accounting System and Budgetary Control

The financial accounting system serves as a means to ensure that there are adequate internal controls. Internal controls provide a reasonable level of assurance with regard to safeguarding assets against loss from unauthorized use or disposition, as well as the reliability of financial records for preparing statements and asset accountability.

The accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable. Once services or goods are received and the liabilities have been incurred, expenditures are then recorded. Accounting records for enterprise activities are maintained on an accrual basis.

Government-wide financial statements are prepared using the accrual basis of accounting, as well as the economic resources measurement focus. In particular, these statements do not provide information by fund. It is separated by activities associated with governmental, business-type, discretely presented component units on statements for net assets and activities.

Budgetary Controls - During the preliminary budget process, proposed revenues and expenditures for each department are thoroughly analyzed by two departments: Financial Services and Administration. At the conclusion of these departmental reviews, management provides City Council with a copy of the final documents. In accordance with the City Charter, the City Council must adopt a budget ten (10) days in advance of a new fiscal year.

The overall objective for having these budgetary controls is to ensure compliance with legal provisions. Activities of the general fund (GF), water and sewer fund, and all other funds are included in the annual budget. The level of budgetary controls (the level that expenditures cannot legally exceed its appropriated amounts) is established by departments within its individual fund. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter total expenditures of any fund must be approved by the City Council.

Relevant Financial Policies

By policy, the annually adopted FY budget must be balanced, with appropriate fund reserves. At the close of FY 2023, the GF fund balance of $41,366,595 (approximately 76% of annual operating expenditures) exceeded the minimum reserve requirement of 25%.

Every FY, the City utilizes its long-range planning policy to project future revenues and expenditures. This process enables the City to identify potential deficits and opportunities for financial growth over a two (2) year period. For illustration purposes, the FY2024 planning and FY2023 budgets were prepared in collaboration with one another.

The investment policy was established to minimize credit and market risks. It is updated and reauthorized on an annual basis by the City Council in compliance with the Texas Public Funds Investment Act.

The investment policy was established with objectives consistent with state and local laws. Investments follow the hierarchy to preserve capital, safety of principal and security of invested funds; maintenance of sufficient liquidity to meet operating goals; diversification of investments to avoid unreasonable or avoidable risks; insurance of public trust; and optimization of return on the portfolio.

Cash management is the process of managing currency in order to ensure maximum availability and optimum yield on short-term investments of idle funds. An aggressive cash management program that is consistent with this Investment Policy will provide investment interest as revenue for all operating and capital funds. The portfolio is designed and managed in a manner responsive to the public trust. Earnings from investments are used in a manner that best serves the City.

Local Economy

Major businesses within the municipal limits of DeSoto include distribution, retail, healthcare, grocery, manufacturing, transportation and e-commerce. Desoto's large businesses (>100 employees) employ over 5,000 people. Civilian employment was estimated at approximately 29,773. The unemployment rate as of September 2023 was 8.4%, slightly above the overall 4.4% rate for the entire Metroplex.

DeSoto benefits from being located twelve (12) miles south of Dallas and is accessible from several major transportation thoroughfares. This prime location serves as a gateway to job opportunities in Dallas, Fort Worth and the Mid-Cities. Its estimated population of 57,583 has grown by a notable 13% since 2013. During those same years, the overall taxable assessed valuation increased by 73%.

Long-term Financial Planning

Historically, the City has maintained fiscally responsible general fund balances. As a proactive measure, the budget is continuously analyzed to ensure that both revenues and expenditures are tracking as expected, with adjustments made as necessary. Thus, required fund reserves are not used for ongoing operational expenses.

Because of the City's proximity to Interstate 35 East and Interstate 20, businesses are recognizing DeSoto as one of the region's hot spots for growth. The City is committed to supporting new and expanding companies by creatively customizing incentive packages that are based upon individual business needs.

The City also has more than 400 acres of land that are available for industrial and commercial development. These parcels are located within the DeSoto Eagle Industrial and Business Park. The Hillwood Crossroads Trade Center, which is located in the Industrial Park, offers 1.8 million square feet of build-to-suit distribution or light industrial space for lease at Centre Park Blvd and Interstate 35 East.

Major Initiatives

The 2022-2023 fiscal year includes initiatives such as:

- Maintain the current level of public services provided by all municipal departments
- Increase the value of commercial, as well as residential assets through new development and redevelopment
- Develop a regional economic development vehicle to attract major employers to the Best Southwest region
- Continue to pursue Family style restaurants and new retail
- Continue to review and update the Master Comprehensive Plan
- Develop Hampton Road Corridor

Awards and Acknowledgements

Awards - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in financial reporting for the FY that ended September 30, 2022. This is a prestigious national award that recognizes conformance with the highest standards for preparing State and Local government financial reports.

In order to be awarded a Certificate of Achievement for Excellence, a governmental entity must publish an easily readable and efficiently organized annual comprehensive financial report (ACFR) that conforms to program standards. An ACFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

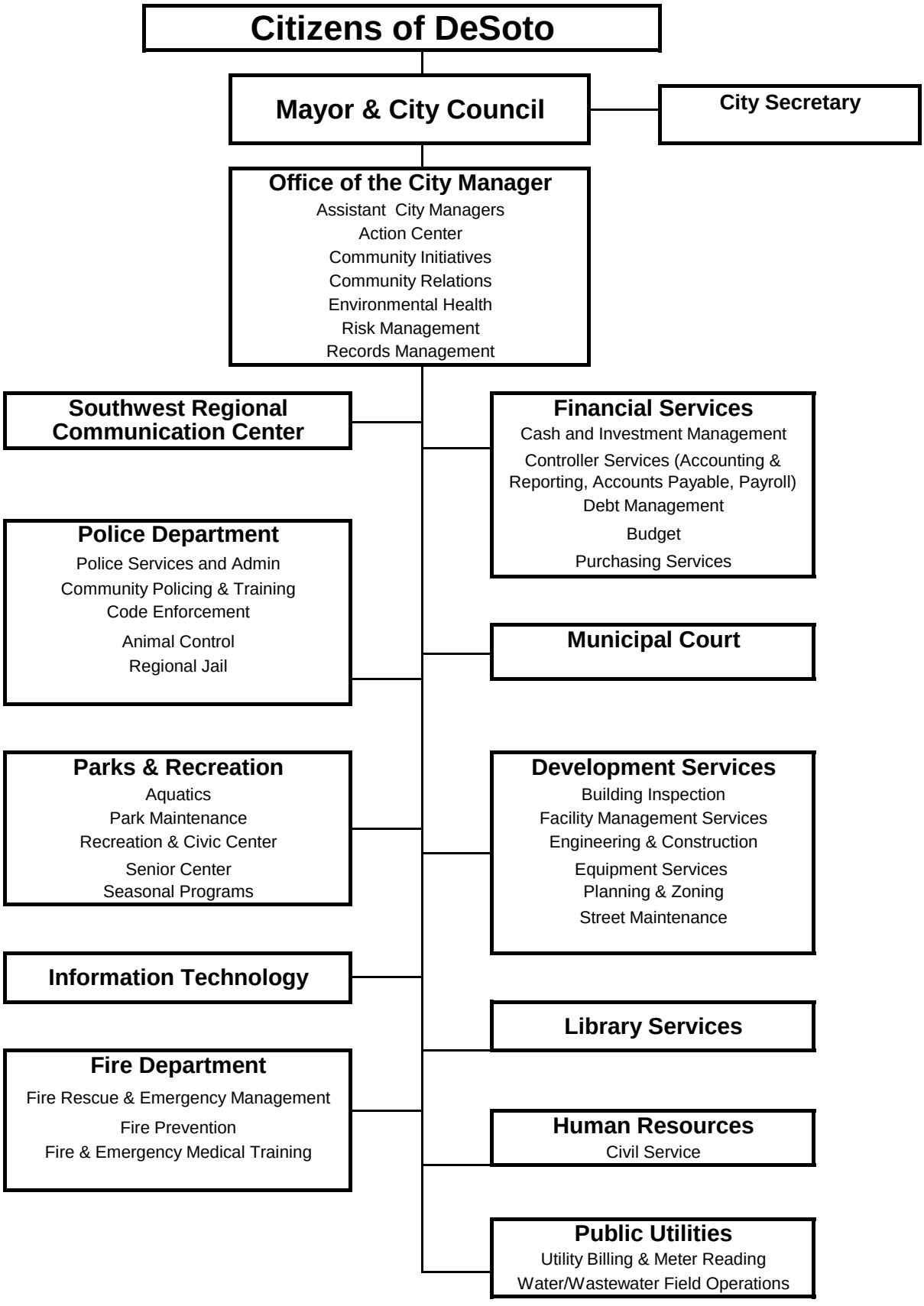
A Certificate of Achievement is only valid for one year. Over the past 20 plus FYs, DeSoto has received this prestigious award each year through fiscal year 2022. We believe this report also conforms to program requirements for the Certificate of Achievement and will submit it to GFOA to determine its eligibility for the Certificate of Achievement.

This report could not have been published without the tireless dedication and diligence of staff. Most importantly, our staff would like to commend both the Mayor and City Council for their unwavering contributions throughout the entire financial reporting process.

Respectfully,

Isom Cameron
Interim City Manager

Lakeita Sutton
Interim Managing Director of Financial Services


Citizens of DeSoto
Mayor & City Council
City Secretary
Office of the City Manager
Assistant City Managers
Action Center
Community Initiatives
Community Relations
Environmental Health
Risk Management
Records Management
Southwest Regional Communication Center
Financial Services
Cash and Investment Management
Controller Services (Accounting & Reporting, Accounts Payable, Payroll)
Debt Management
Budget
Purchasing Services
Police Department
Police Services and Admin
Community Policing & Training
Code Enforcement
Animal Control
Regional Jail
Municipal Court
Parks & Recreation
Aquatics
Park Maintenance
Recreation & Civic Center
Senior Center
Seasonal Programs
Development Services
Building Inspection
Facility Management Services
Engineering & Construction
Equipment Services
Planning & Zoning
Street Maintenance
Information Technology
Library Services
Fire Department
Fire Rescue & Emergency Management
Fire Prevention
Fire & Emergency Medical Training
Human Resources
Civil Service
Public Utilities
Utility Billing & Meter Reading
Water/Wastewater Field Operations

City Officials
City Council

Rachel Proctor
Mayor
Place One

Pierette Parker
Place Two

Andre' Byrd
Place Four

Crystal Chism
Place Six

Nicole Raphiel
Place Three

Dinah Marks
Place Five

Letitia Hughes
Mayor Pro Tem
Place Seven

Joe Gorfida
City Attorney

City Management

Isom Cameron

Interim City Manager

Vacant
Deputy City Manager

Tracy L. Cormier
Interim Deputy City Manager

Tamara Bell
Managing Director
Southwest Regional Communication Center (SWRCC)

Brandon Lacy
Managing Director
Public Utilities

Joseph Costa
Police Chief
Police Department

Bryan Southard
Fire Chief
Fire and EMS Department

Tom Figert
Managing Director
Information Technology

Chris Glover
Managing Director
Parks & Recreation

Charles Brewer
Managing Director
Development Services

Lakeita Sutton
Interim Managing Director
Financial Services

Scott Kurth
Judge
DeSoto Municipal Court

Heather McEntee
Managing Director
Library Services

Alicia Thomas
City Secretary

Denae Greenly
Managing Director
Human Resources

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of DeSoto
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

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PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of DeSoto, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of DeSoto, Texas (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in fiscal year 2023 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Software Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement due date, including any currently known information that may raise substantial doubt shortly thereafter.

OFFICE LOCATIONS
TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

AICPA GAQC Member

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 28, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of DeSoto (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages i-iii of this report, and the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the 2023 fiscal year by $233,432,667 (net position). Of this amount, $86,722,128 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- As of the close of fiscal year 2023, the City's governmental funds reported combined ending fund balances of $91,902,104, a decrease of $5,283,763 from the prior year. Approximately 44% of this total amount is unassigned fund balance. Fund balances decreased primarily due to spending of street and park improvement funds.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $40,896,418 or 75% of total General Fund expenditures.

- The City's total capital assets net of accumulated depreciation increased by $21,232,488. The increase is due to the continued purchases and construction of capital assets, net of depreciation.

- The City's governmental and business-type activities long-term debt decreases $8,966,194 to a total outstanding amount of $112,942,119.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information in order to present how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will only result in changes in cash flows for future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business- type activities). The governmental activities of the City include general government, public safety, development services, financial services, municipal court parks and recreation, library services, human resources, and information technology. The business-type activities of the City include public utilities, drainage systems, and sanitation operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also include the DeSoto Health Facilities Development Corporation, the DeSoto Housing Finance Corporation and the DeSoto Industrial Development Authority, Inc., which are legally separate but financially accountable to the City. A blended presentation has been used to report the financial information of these component units. That means that the component unit balances and transactions are reported in a manner similar to the balances and transactions of the primary government. Additionally, the government-wide financial statements include the DeSoto Development Corporation as part of its reporting entity as discretely presented component unit. Discrete presentation entails reporting component unit financial data in a column separate from the financial data of the primary government. The DeSoto Development Corporation is a legally separate entity.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. The fund financial statements for governmental funds and proprietary funds can be found in the financial section of this report.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 22 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Street Improvement Fund, Park Improvement Fund, and ARPA Grant Fund, which are considered to be major funds. Data from the other 17 governmental funds are combined into a single aggregate presentation.

The City adopts an annual appropriated budget for its general fund. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual is provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its public utility, drainage and sanitation operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for public utility, drainage and sanitation, all of which are considered to be major funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's pension and OPEB liabilities. Required supplementary information immediately follows the notes to the financial statements.

Combining statements and budgetary comparison schedules for non-major governmental funds and component unit fund financial statements follow the section on required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2023, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $233,432,667.

The largest portion of the City's net position (58%) reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $86,722,128 may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2023, the City is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

City of DeSoto's Net Position
Government-Wide

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 106,530,960	$ 112,183,569	$ 46,965,223	$ 52,859,729	$ 153,496,183	$ 165,043,298
Long-term assets	151,178,636	147,684,395	63,502,557	59,435,476	214,681,193	207,119,871
Total assets	257,709,596	259,867,964	110,467,780	112,295,205	368,177,376	372,163,169
Deferred outflows of resources	12,311,836	3,510,230	1,508,802	667,221	13,820,638	4,177,451
Total outflows of resources	12,311,836	3,510,230	1,508,802	667,221	13,820,638	4,177,451
Current and other liabilities	12,429,884	12,220,178	5,569,975	5,416,281	17,999,859	17,636,459
Long-term liabilities	98,322,736	91,380,868	31,485,885	32,128,333	129,808,621	123,509,201
Total liabilities	110,752,620	103,601,046	37,055,860	37,544,614	147,808,480	141,145,660
Deferred inflows of resources	710,587	8,576,438	46,280	810,116	756,867	9,386,554
Total inflows of resources	710,587	8,576,438	46,280	810,116	756,867	9,386,554
Net position:						
Net investment in capital assets	98,830,387	86,212,053	36,264,869	39,631,250	135,095,256	125,843,303
Restricted	10,917,325	9,609,542	697,958	36,799	11,615,283	9,646,341
Unrestricted	48,810,513	55,379,115	37,911,615	34,939,647	86,722,128	90,318,762
Total net position	$ 158,558,225	$ 151,200,710	$ 74,874,442	$ 74,607,696	$ 233,432,667	$ 225,808,406

Governmental activities. Net position increased by $7,357,515 in fiscal year 2023 compared to an increase of $9,327,079 in fiscal year 2022. During the current year, there were increases in property taxes, sales taxes, and grant revenues. These tax revenues have continued to increase as the City, and Dallas County as a whole, experience steady population growth and new development.

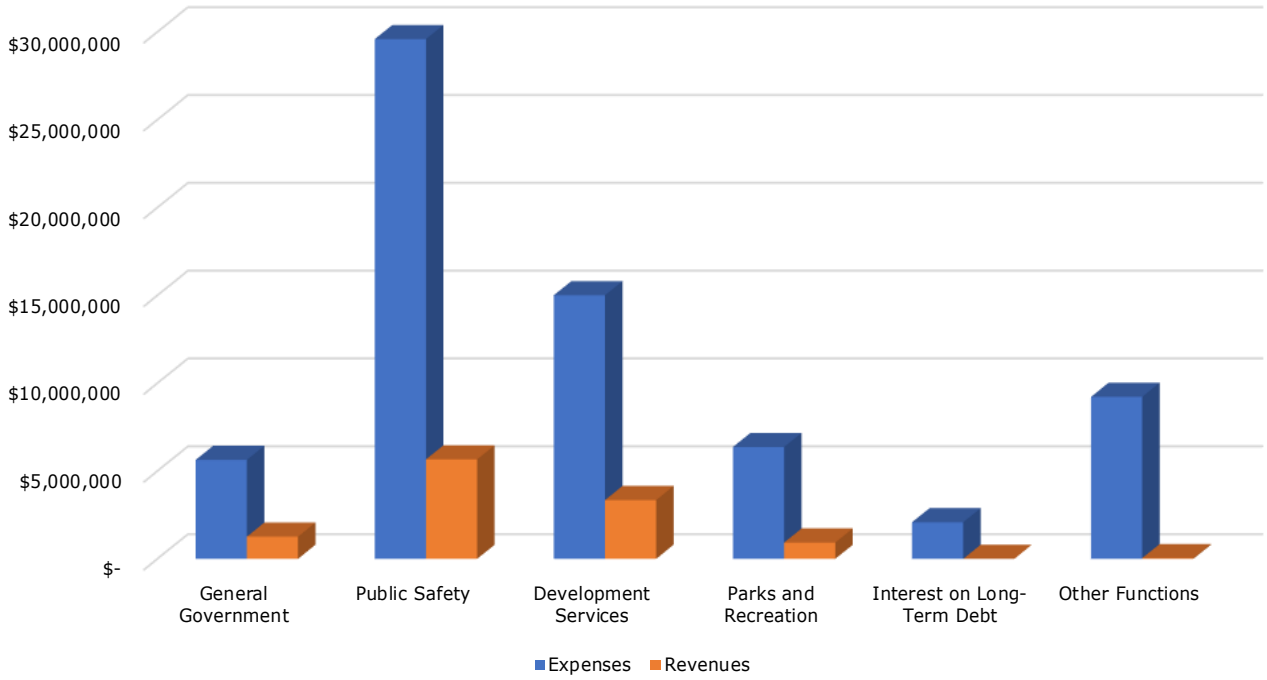
Governmental activities expenses increased largely in the area of public safety and development services. The increases to general government expenses related primarily to the compensation study City wide that increased employees' salaries and benefits.

Business-type activities. Net position increased by $266,746 in the current year compared to an increase of $4,287,053 in fiscal year 2022. The increase in net position as compared to prior year is contributable to the increase in revenue related to charges for services stemming from the population growth mentioned previously. Increases to expenses related primarily to payroll costs as the City works to continue offering competitive wages.

City of DeSoto's Changes in Net Position
Government-Wide

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	$ 7,788,400	$ 6,872,827	$ 33,927,190	$ 35,845,175	$ 41,715,590	$ 42,718,002
Operating grants & contributions	3,458,994	4,484,116	-	-	3,458,994	4,484,116
Capital grants & contributions	-	-	858,654	36,799	858,654	36,799
General revenues:						
Property taxes	40,315,883	37,124,923	-	-	40,315,883	37,124,923
Other local taxes	16,099,849	14,744,914	-	-	16,099,849	14,744,914
Investment earnings	4,428,903	489,056	1,807,968	199,285	6,236,871	688,341
Miscellaneous	648,362	269,473	18,895	-	667,257	269,473
Total revenues	72,740,391	63,985,309	36,612,707	36,081,259	109,353,098	100,066,568
Expenses:						
General government	5,635,840	8,218,063	-	-	5,635,840	8,218,063
Public safety	29,593,314	22,404,766	-	-	29,593,314	22,404,766
Developmental services	15,008,241	12,503,127	-	-	15,008,241	12,503,127
Financial services	2,463,938	1,317,470	-	-	2,463,938	1,317,470
Municipal court	1,439,864	722,188	-	-	1,439,864	722,188
Information technology	2,845,173	2,053,549	-	-	2,845,173	2,053,549
Human resources	962,097	723,760	-	-	962,097	723,760
Parks and recreation	6,366,092	5,835,580	-	-	6,366,092	5,835,580
Library services	1,515,818	1,243,069	-	-	1,515,818	1,243,069
Interest on long-term debt	2,082,307	2,119,966	-	-	2,082,307	2,119,966
Pubic utility	-	-	26,381,843	22,148,387	26,381,843	22,148,387
Storm drainage	-	-	1,222,775	1,051,285	1,222,775	1,051,285
Sanitation	-	-	6,211,535	6,111,226	6,211,535	6,111,226
Total expenses	67,912,684	57,141,538	33,816,153	29,310,898	101,728,837	86,452,436
Revenues in Excess of Expenses	4,827,707	6,843,771	2,796,554	6,770,361	7,624,261	13,614,132
Transfers	2,529,808	2,483,308	(2,529,808)	(2,483,308)	-	-
Change in net position	7,357,515	9,327,079	266,746	4,287,053	7,624,261	13,614,132
Net position - beginning of year	151,200,710	141,873,631	74,607,696	70,320,643	225,808,406	212,194,274
Net position - end of year	$ 158,558,225	$ 151,200,710	$ 74,874,442	$ 74,607,696	$ 233,432,667	$ 225,808,406

The following table provides a summary of the operations of governmental activities for the year ended September 30, 2023. Overall, the City had an increase in net position of $7,624,261. Overall revenues and expenses increased over the prior year.



FINANCIAL ANALYSIS OF THE GOVERNMENTAL'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

***Governmental funds*.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

At the end of the 2023 fiscal year, the City's governmental funds reported combined ending fund balances of $91,902,104, a decrease of $5,283,763 from the prior year. Approximately 44% of this total amount is available for spending at the City's discretion. A portion of the remaining fund balance in the amount of $36,178,803 is not available for new spending because it is restricted to pay for 1) street improvements and capital projects 2) debt service 3) public safety grants and 4) economic development projects.

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $40,896,418, while the total fund balance was $41,366,595. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance to total expenditures. Unassigned fund balance represents 75% of the general fund expenditures.

The final general fund budget for fiscal year 2023 reflected a decrease of $7,846,373 in fund balance. The actual change in fund balance was an increase of $1,080,062. Contributing factors was the realization of revenues $3,108,951 over the budgeted amounts and overall expenditures $5,879,806 under budgeted amounts. Key factors affecting fund balance are as follows:

- Total actual General Fund revenues of $54,231,284 increased from FY 2022 actuals by $3,973,942 and were greater than budgeted FY 2023 by $3,108,951. This was primarily caused by increases to sales taxes, intergovernmental revenue, and investment earnings.

- Total General Fund expenditures of $54,778,287 increased by $8,771,112 from FY 2022 actuals and were less than budgeted FY 2023 amounts by $5,879,806. The significant budget surplus resulted primarily from the budgeting of certain multiyear project costs in one year.

The actual revenues of $54,231,284 were more than the budgeted revenues by $3,108,951. Sales taxes, franchise fees, intergovernmental revenue, investment earnings, charges for services, and miscellaneous revenue exceeded the budgeted amount.

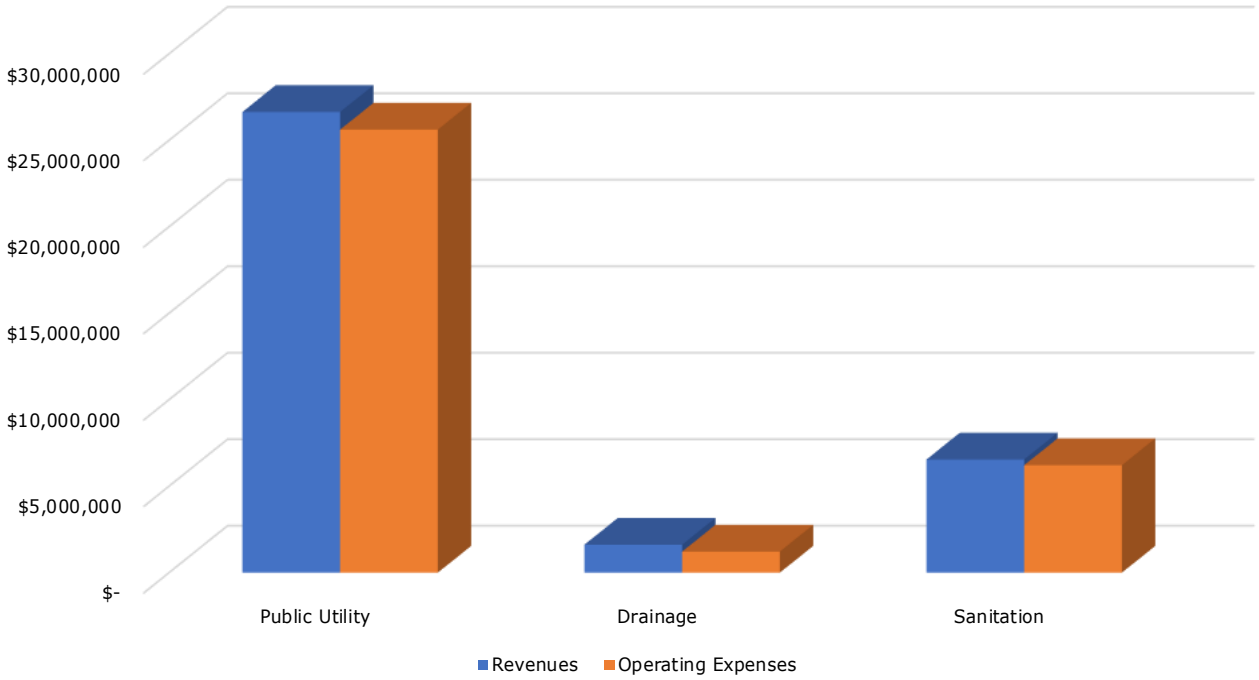
Original budget compared to final budget. During the year, there was no need for any significant amendments to increase the original estimated revenues in the General Fund. However, there was a need to make an amendment to original budgeted appropriations for the capital outlay function for planned project costs.

Debt service fund balance increased by $92,797 due to revenues approximating debt service payments. Fund balances may fluctuate in the future as management continues to evaluate the amount of debt service property taxes needed to fund the City's debt service.

The fund balance of the Street Improvement fund decreased by $4,177,502 due to the spending of bond issuances on capital projects. Fund balance will decrease in future years as these funds are spent down.

The Park Improvement Fund decreased its fund balance by $2,298,098, primarily due to the spending of bond issuances on capital projects. Fund balance will decrease in future years as these funds are spent down.

The ARPA Grant Fund, new for fiscal year 2023, ended with $82,750 of fund balances. The fund was used to record the $3.6 million of American Rescue Plan Act grant funding received from the Federal government. The proceeds were recorded as unearned revenue and will be recognized in future years as project costs are incurred.



Proprietary Funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net position of the respective proprietary funds are Public Utility - $33,954,138, Storm Drainage - $3,220,705, and Sanitation - $736,772. The net position for the Public Utility fund decreased $693,397; Storm Drainage increased $599,038 and Sanitation increased $361,105. The overall change in net position for business-type activities was an increase of $266,746. Public Utility Fund revenues increased with a sewer service base rate and volume charge increase. The largest increase was experienced with sanitation revenue, for which the average monthly collection rate was increased by approximately 7%. Overall Proprietary Funds operating revenues of $33,927,190 reflected a decrease of $1,917,985 or approximately 6% compared to the prior year. Proprietary Funds operating expenses of $33,816,153 reflected an increase of $4,505,255 or approximately 15% from prior year. As discussed previously, the increase in expenses is related primarily to salary increases.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of fiscal year 2023, the City had $214.7 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, and water and sewer lines. This amount represents a net increase of from the prior fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	$ 9,835,670	$ 9,793,670	$ 1,244,443	$ 1,244,443	$ 11,080,113	$ 11,038,113
Construction in progress	20,441,298	11,272,868	10,091,286	8,120,244	30,532,584	19,393,112
Street/Alley ROW	14,072,949	14,072,949	-	-	14,072,949	14,072,949
Buildings	28,936,851	29,102,937	-	-	28,936,851	29,102,937
Infrastructure	78,451,762	74,928,749	51,653,296	49,260,306	130,105,058	124,189,055
Equipment and furniture	(1,456,633)	3,636,044	513,532	334,596	(943,101)	3,970,640
Right-to-use SIBTA	896,739	-	-	-	896,739	-
	$ 151,178,636	$ 142,807,217	$ 63,502,557	$ 58,959,589	$ 214,681,193	$ 201,766,806

Major capital asset events during the 2023 fiscal year include the following:

- Construction on bond-funded projects in the governmental activities amounted to $12.7 million. This included city street repairs and expansions, park playground equipment, and architectural design of the Aquatic Recreation Center.

- Construction and replacement of water and sewer infrastructure incurred approximately $8.3 million in the business-type activities using bond funds.

- Purchases of motor vehicles for city use, particularly Police Department units, Fire Truck and Street Sweeper in the amount of $1,810,762.

Additional information on the City's capital assets can be found in Note 4 to the financial statements.

DEBT ADMINISTRATION

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	$ 25,195,000	$ 30,255,000	$ 7,420,000	$ 8,355,000	$ 32,615,000	$ 38,610,000
Certificates of obligation	43,058,947	44,698,947	18,981,053	19,931,053	62,040,000	64,630,000
Bond premium	7,562,141	8,407,374	3,070,815	3,343,735	10,632,956	11,751,109
Financed purchase	383,933	569,114	-	-	383,933	569,114
SIBTAs	896,739	-	-	-	896,739	-
Compensated absences	5,856,075	5,987,702	517,416	360,388	6,373,491	6,348,090
	$ 82,952,835	$ 89,918,137	$ 29,989,284	$ 31,990,176	$ 112,942,119	$ 121,908,313

Overall debt decrease in the current year primarily related to the City making debt service payments.

The City has an AA rating from Fitch and an AA rating from Standard & Poor's. Additional information on the City's long-term debt can be found in Note 5 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The two major financing sources for general government operations: Property Tax and Sales Tax are the major areas of focus. In the coming year, an increase in general government property tax revenue is estimated due to the City's increase in assessed valuation for Tax Year 2023. The City's tax rate will be reduced by $..006462 cents for FY24 and for the thirteenth (13) year in a row with no tax rate increase. The FY2024 budget was adopted with total tax rate of $.685092 per $100 valuation and an Operation & Maintenance tax rate of $0.503485 and Interest and sinking tax rate of $0.181607.

Sales Tax is the second largest revenue source. In FY2023, retail and industry taxable sales were less than FY2022 due to changing of state law regarding destination tax revenue related to sales tax exceeded general fund budget by approximately 4.5%; with overall revenue 3% higher than FY2022. The budget estimates for Franchise Fees for FY 2023 actuals were more than the prior year and did meet budget expectations. Charges for services increased and were over the current year budgeted revenues by $242,925 mostly due to ambulance service charge. Because this category of revenue collections can span a number of fiscal years it will be budgeted conservatively in FY2024. Overall, budgeted revenue in the General Fund for FY2024 increased by approximately $2,406,742 which represents the increase in property tax revenue based on an increase in taxable values.

The fiscal year 2024 budget provides funding for all aspects of our service delivery. This spending plan meets the objective of maintaining the current level of services.

Because the City is a service organization, a major portion of the operating budget is allocated to employee compensation and fringe benefits. Maintaining these items at the current market rate requires that new resources be allocated annually. The increases in salary will reflect a 2.0 cost of living increase for employees and also a merit increase for eligible employees.

In addition to salary adjustments, in the past, we have experienced a decrease in the Texas Municipal Retirement System ("TMRS") contribution rates. It is important to note that in fiscal year 2022 we will continue participation in TMRS, and the City's match will remain 2:1. In FY 2023, the actuarial rate will be 11.66%, which is an increase of 4.0% from the previous fiscal year. This allows us to continue in TMRS and meet the UAAL obligation over time. All other personnel related benefit programs remain at the level reflected in the fiscal year 2023 budget.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Finance Department, Attn: Finance Managing Director, 211 E. Pleasant Run Road, DeSoto, Texas 75115, or call (972) 230-9678, or email tcormier@desototexas.gov.

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BASIC
FINANCIAL STATEMENTS

CITY OF DESOTO, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	Primary Government	
	Governmental Activities	Business-Type Activities
ASSETS		
Cash and investments	$ 99,103,485	$ 23,182,467
Receivables, net of allowances	4,656,446	6,203,874
Due from other governments	1,142,561	12,958
Internal balances	(52,412)	52,412
Due from component unit	429,804	-
Inventories	30,177	9,380
Prepaid items	3,003	-
Notes receivable	-	-
Restricted assets:		
Cash and investments	-	17,504,132
Investment in joint ventures	1,217,896	-
Capital assets:		
Non-depreciable	44,349,917	11,335,729
Depreciable, net	106,828,719	52,166,828
Total capital assets	151,178,636	63,502,557
Total assets	257,709,596	110,467,780
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts - pension related	12,065,767	1,177,309
Deferred amounts - OPEB related	200,107	18,901
Deferred loss on refunding	45,962	312,592
Total deferred outflows of resources	12,311,836	1,508,802
LIABILITIES		
Accounts payable and accrued expenses	5,179,259	3,460,033
Accrued liabilities	2,392,394	168,797
Accrued interest payable	341,599	126,561
Customer deposits	50,000	1,814,584
Due to primary government	-	-
Unearned revenue	4,466,632	-
Noncurrent liabilities:		
Due within one year:		
Long-term debt	7,668,358	1,928,483
Total OPEB liability	185,182	6,724
Due in more than one year:		
Long-term debt	75,284,477	28,060,801
Net pension liability	14,374,681	1,402,601
Total OPEB liability	810,038	87,276
Total liabilities	110,752,620	37,055,860
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts - OPEB related	489,998	46,280
Deferred gain on refunding	220,589	-
Total deferred inflows of resources	710,587	46,280
NET POSITION		
Net investment in capital assets	98,830,387	36,264,869
Restricted for:		
Debt service	4,044,602	-
Construction	-	697,958
Public safety	1,040,778	-
Parks and park facilities	-	-
Economic development	5,558,466	-
Capital projects	273,479	-
Unrestricted	48,810,513	37,911,615
Total net position	$ 158,558,225	$ 74,874,442

The accompanying notes are an integral part of these financial statements.

Primary Government	Component Unit
Total	DeSoto Development Corporation
$ 122,285,952	$ 11,350,088
10,860,320	797,366
1,155,519	-
-	-
429,804	-
39,557	-
3,003	-
-	4,089
17,504,132	-
1,217,896	-
55,685,646	11,250
158,995,547	1,942,959
214,681,193	1,954,209
368,177,376	14,105,752
13,243,076	-
219,008	-
358,554	-
13,820,638	-
8,639,292	355,148
2,561,191	22,104
468,160	-
1,864,584	20,804
-	429,804
4,466,632	-
9,596,841	98,987
191,906	-
103,345,278	247,231
15,777,282	-
897,314	-
147,808,480	1,174,078
536,278	-
220,589	-
756,867	-
135,095,256	1,637,751
4,044,602	-
697,958	-
1,040,778	-
-	2,196,770
5,558,466	9,097,153
273,479	-
86,722,128	-
$ 233,432,667	$ 12,931,674

CITY OF DESOTO, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 5,635,840	$ 339,649	$ 923,517	$ -
Public safety	29,593,314	4,003,712	1,660,170	-
Developmental services	15,008,241	2,474,003	875,307	-
Financial services	2,463,938	-	-	-
Municipal court	1,439,864	21,659	-	-
Information technology	2,845,173	-	-	-
Human resources	962,097	-	-	-
Parks and recreation	6,366,092	928,157	-	-
Library services	1,515,818	21,220	-	-
Interest on long-term debt	2,082,307	-	-	-
Total governmental activities	67,912,684	7,788,400	3,458,994	-
Business-type activities:				
Public utility	26,381,843	25,772,757	-	858,654
Storm drainage	1,222,775	1,614,364	-	-
Sanitation	6,211,535	6,540,069	-	-
Total business-type activities	33,816,153	33,927,190	-	858,654
Total Primary Government	$ 101,728,837	$ 41,715,590	$ 3,458,994	$ 858,654
Component Units:				
DeSoto Development Corporation	$ 1,928,728	$ 559,105	$ -	$ -
Total Component Units	$ 1,928,728	$ 559,105	$ -	$ -

General Revenues:
  Taxes:
    Property taxes
    Special assessments
    Franchise and other taxes
    Sales taxes
    Hotel occupancy
  Unrestricted investment earnings
  Miscellaneous
Transfers
    Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	DeSoto Development Corporation
$ (4,372,674)	$ -	$ (4,372,674)	$ -
(23,929,432)	-	(23,929,432)	-
(11,658,931)	-	(11,658,931)	-
(2,463,938)	-	(2,463,938)	-
(1,418,205)	-	(1,418,205)	-
(2,845,173)	-	(2,845,173)	-
(962,097)	-	(962,097)	-
(5,437,935)	-	(5,437,935)	-
(1,494,598)	-	(1,494,598)	-
(2,082,307)	-	(2,082,307)	-
(56,665,290)	-	(56,665,290)	-
-	249,568	249,568	-
-	391,589	391,589	-
-	328,534	328,534	-
-	969,691	969,691	-
$ (56,665,290)	$ 969,691	$ (55,695,599)	$ -
			$ (1,369,623)
			$ (1,369,623)
$ 40,315,883	$ -	$ 40,315,883	$ -
495,174	-	495,174	-
2,978,370	-	2,978,370	-
11,210,780	-	11,210,780	3,708,437
1,415,525	-	1,415,525	-
4,428,903	1,807,968	6,236,871	330,179
648,362	18,895	667,257	-
2,529,808	(2,529,808)	-	-
64,022,805	(702,945)	63,319,860	4,038,616
7,357,515	266,746	7,624,261	2,668,993
151,200,710	74,607,696	225,808,406	10,262,681
$ 158,558,225	$ 74,874,442	$ 233,432,667	$ 12,931,674

CITY OF DESOTO, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	General Fund	Debt Service Fund	Capital Projects: Street Improvement	Capital Projects: Park Improvement
ASSETS				
Cash and investments	$ 39,060,938	$ 4,371,759	$ 26,533,889	$ 5,086,594
Receivables, net:				
Taxes	2,121,741	14,442	-	-
Accounts and other	2,271,633	-	-	-
Due from other governments	351,292	-	-	-
Due from other funds	4,418,266	-	-	-
Due from component unit	429,804	-	-	-
Inventories	30,177	-	-	-
Prepaid items	-	-	-	-
Total assets	48,683,851	4,386,201	26,533,889	5,086,594
LIABILITIES				
Accounts payable	3,284,383	-	854,377	313,312
Accrued liabilities	2,331,526	-	-	-
Due to other funds	265,907	-	4,000,000	-
Customer deposits	50,000	-	-	-
Unearned revenues	87,976	-	-	-
Total liabilities	6,019,792	-	4,854,377	313,312
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	1,297,464	3,259	-	-
Total deferred inflows of resources	1,297,464	3,259	-	-
FUND BALANCES				
Nonspendable for:				
Inventory	30,177	-	-	-
Prepaid items	-	-	-	-
Restricted for:				
Debt service	-	4,382,942	-	-
Street improvements	-	-	19,275,350	-
Public safety	-	-	-	-
Economic development	-	-	-	-
Capital projects	-	-	-	3,699,272
Committed for:				
Public health	-	-	-	-
Development activities	-	-	-	-
Assigned for:				
Street improvements	-	-	2,404,162	-
Capital projects	-	-	-	1,074,010
Future healthcare costs	440,000	-	-	-
Unassigned	40,896,418	-	-	-
Total fund balances	41,366,595	4,382,942	21,679,512	4,773,282
Total liabilities, deferred inflows of resources, and fund balances	$ 48,683,851	$ 4,386,201	$ 26,533,889	$ 5,086,594

The accompanying notes are an integral part of these financial statements.

Special Revenue		
ARPA Grant Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
$ 4,468,900	$ 19,581,405	$ 99,103,485
-	177,719	2,313,902
-	70,911	2,342,544
-	791,269	1,142,561
-	213,495	4,631,761
-	-	429,804
-	-	30,177
-	3,003	3,003
4,468,900	20,837,802	109,997,237
13,619	713,568	5,179,259
-	60,868	2,392,394
-	418,266	4,684,173
-	-	50,000
4,372,531	6,125	4,466,632
4,386,150	1,198,827	16,772,458
-	21,952	1,322,675
-	21,952	1,322,675
-	-	30,177
-	3,003	3,003
-	-	4,382,942
-	-	19,275,350
-	1,040,778	1,040,778
-	5,558,466	5,558,466
82,750	2,139,245	5,921,267
-	88,344	88,344
-	193,429	193,429
-	-	2,404,162
-	10,593,758	11,667,768
-	-	440,000
-	-	40,896,418
82,750	19,617,023	91,902,104
$ 4,468,900	$ 20,837,802	$ 109,997,237

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CITY OF DESOTO, TEXAS

RECONCILIATION OF THE BALANCE SHEET OF GEVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds	$	91,902,104
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		151,178,636
Some liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.		
Bonds and certificates of obligation payable		(68,253,947)
Finance purchase		(383,933)
SBITAs		(896,739)
Compensated absences		(5,856,075)
Accrued interest payable		(341,599)
Unamortized premium on bonds		(7,562,141)
Unavailable revenues in the governmental fund statements is recognized as revenue in the government-wide financial statements.		1,322,675
Certain other long-term assets and liabilities are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		
Investment in joint venture		1,217,896
Deferred loss on refunding		45,962
Deferred gain on refunding		(220,589)
Net pension liability		(14,374,681)
Total OPEB liability		(995,220)
Deferred outflows of resources related to the net pension liability		12,065,767
Deferred outflows of resources related to the total OPEB liability		200,107
Deferred inflows of resources related to the total OPEB liability		(489,998)
Net Position of Governmental Activities	$	158,558,225

The accompanying notes are an integral part of these financial statements.

CITY OF DESOTO, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

			Capital Projects	
	General Fund	Debt Service Fund	Street Improvement	Park Improvement
REVENUES				
Property taxes	$ 31,455,650	$ 9,244,538	$ -	$ -
Sales taxes	11,210,780	-	-	-
Franchise fees and other	2,978,370	-	-	-
Hotel occupancy tax	-	-	-	-
Property assessments	-	-	-	-
Fines and forfeitures	865,291	-	-	-
Licenses and permits	1,245,719	-	-	-
Intergovernmental	835,992	70,150	-	-
Charges for services	2,463,104	-	-	-
Investment earnings	1,632,378	308,491	1,235,765	369,143
Recreation services	914,534	-	-	-
Impact fees	-	-	1,231,102	-
Miscellaneous	629,466	-	-	-
Total revenues	54,231,284	9,623,179	2,466,867	369,143
EXPENDITURES				
Current:				
General government	4,237,489	-	-	-
Public safety:				
Police	15,121,320	-	-	-
Fire	10,965,388	-	-	-
Development services	8,292,304	-	51,175	-
Financial services	1,623,891	-	-	-
Municipal court	832,795	-	-	-
Information technology	2,267,259	-	-	-
Human resources	903,224	-	-	-
Parks and recreation	5,215,789	-	-	-
Library services	1,437,844	-	-	-
Debt service:				
Principal	395,153	6,885,181	-	-
Interest and other	6,028	2,850,865	-	-
Capital outlay	3,479,803	-	8,597,883	2,667,241
Total expenditures	54,778,287	9,736,046	8,649,058	2,667,241
Excess (deficiency) of revenues over expenditures	(547,003)	(112,867)	(6,182,191)	(2,298,098)
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	182,218	-	-	-
Transfers in	3,710,215	205,664	2,004,689	-
Transfers out	(2,265,368)	-	-	-
Total other financing sources (uses)	1,627,065	205,664	2,004,689	-
NET CHANGE IN FUND BALANCES	1,080,062	92,797	(4,177,502)	(2,298,098)
FUND BALANCES - BEGINNING	40,286,533	4,290,145	25,857,014	7,071,380
FUND BALANCES - ENDING	$ 41,366,595	$ 4,382,942	$ 21,679,512	$ 4,773,282

The accompanying notes are an integral part of these financial statements.

Special Revenue		
ARPA Grant Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 66,875	$ 40,767,063
-	-	11,210,780
-	-	2,978,370
-	1,522,455	1,522,455
-	495,174	495,174
-	45,309	910,600
-	-	1,245,719
805,123	2,992,975	4,704,240
-	29,196	2,492,300
82,750	800,376	4,428,903
-	-	914,534
-	-	1,231,102
-	18,896	648,362
887,873	5,971,256	73,549,602
231,523	734,672	5,203,684
-	2,288,294	17,409,614
-	165,164	11,130,552
-	794,763	9,138,242
-	-	1,623,891
-	62,554	895,349
-	-	2,267,259
-	-	903,224
-	-	5,215,789
-	-	1,437,844
-	-	7,280,334
-	-	2,856,893
573,600	864,189	16,182,716
805,123	4,909,636	81,545,391
82,750	1,061,620	(7,995,789)
-	-	182,218
-	55,015	5,975,583
-	(1,180,407)	(3,445,775)
-	(1,125,392)	2,712,026
82,750	(63,772)	(5,283,763)
-	19,680,795	97,185,867
$ 82,750	$ 19,617,023	$ 91,902,104

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CITY OF DESOTO, TEXAS

RECONCILIATION OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net Changes in Fund Balances - Governmental Funds	$ (5,283,763)
Amounts reported for governmental activities in the statement of activities are	
Governmental funds report capital outlays as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	
Capital outlay	16,375,129
Depreciation expense	(9,059,038)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	
Unavailable charges for services	10,058
Unavailable tax and emergency management revenues	(840,928)
Unavailable court fines and fees	21,659
Change in equity interest of joint venture	210,983
Governmental funds report proceeds from long-term debt as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of long-term debt principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.	
Debt service principal	7,280,334
Pension and OPEB contributions are treated as expenditures in the fund based financial statements, but are treated as reductions in the City's net pension and OPEB liability in the statement of net position. This amount is the difference between pension and OPEB contributions and net pension and OPEB expense (revenue) for the current fiscal year.	
Pension expense	(1,999,210)
OPEB expense	(27,358)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
(Increase) decrease in accrued interest	19,676
(Increase) decrease in compensated absences	131,627
Amortization of deferred loss on refunding	(141,160)
Amortization of deferred gain on refunding	50,837
Amortization of premium on bonds	845,233
Change in Net Position of Governmental Activities	$ 7,357,515

The accompanying notes are an integral part
of these financial statements.

CITY OF DESOTO, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds			
	Public Utility	Drainage	Sanitation	Total
ASSETS				
Current assets:				
Cash and investments	$ 19,820,554	$ 2,662,294	$ 699,619	$ 23,182,467
Accounts receivable, net	5,297,175	185,985	720,714	6,203,874
Due from other governments	-	12,958	-	12,958
Due from other funds	31,540	11,915	8,957	52,412
Inventories	9,380	-	-	9,380
Total current assets	25,158,649	2,873,152	1,429,290	29,461,091
Noncurrent assets:				
Restricted cash and investments	15,073,977	2,430,155	-	17,504,132
Capital assets:				
Land	583,160	341,196	320,087	1,244,443
Construction in progress	8,485,134	1,606,152	-	10,091,286
Improvements	10,287,438	5,002,363	548,503	15,838,304
Water and sewer systems	101,418,952	-	-	101,418,952
Drainage systems	-	14,086,397	-	14,086,397
Equipment and furniture	1,910,190	105,896	408,685	2,424,771
Less: accumulated depreciation	(69,047,498)	(12,008,972)	(545,126)	(81,601,596)
Total noncurrent assets	68,711,353	11,563,187	732,149	81,006,689
Total assets	93,870,002	14,436,339	2,161,439	110,467,780
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension related	920,393	99,323	157,593	1,177,309
Deferred loss on refunding	312,592	-	-	312,592
Deferred outflows - OPEB related	18,901	-	-	18,901
Total deferred outflows of resources	1,251,886	99,323	157,593	1,508,802
LIABILITIES				
Current liabilities:				
Accounts payable	2,837,383	28,592	594,058	3,460,033
Accrued liabilities	135,917	13,906	18,974	168,797
Accrued interest	124,624	1,937	-	126,561
Customer deposits	1,814,569	-	15	1,814,584
Compensated absences	74,106	19,514	9,863	103,483
Bonds payable	1,565,000	260,000	-	1,825,000
Total OPEB liability	6,724	-	-	6,724
Total current liabilities	6,558,323	323,949	622,910	7,505,182
Noncurrent liabilities:				
Compensated absences	296,424	78,057	39,451	413,932
Bonds payable	27,255,837	391,032	-	27,646,869
Net pension liability	1,096,521	118,330	187,750	1,402,601
Total OPEB liability	87,276	-	-	87,276
Total noncurrent liabilities	28,736,058	587,419	227,201	29,550,678
Total liabilities	35,294,381	911,368	850,111	37,055,860
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - OPEB	46,280	-	-	46,280
Total deferred inflows of resources	46,280	-	-	46,280
NET POSITION				
Net investment in capital assets	25,129,131	10,403,589	732,149	36,264,869
Restricted for construction	697,958	-	-	697,958
Unrestricted	33,954,138	3,220,705	736,772	37,911,615
Total net position	$ 59,781,227	$ 13,624,294	$ 1,468,921	$ 74,874,442

The accompanying notes are an integral part of these financial statements.

CITY OF DESOTO, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds			
	Public Utility	Drainage	Sanitation	Total
OPERATING REVENUES				
Charges for services	$ 25,623,115	$ 1,614,364	$ 6,349,760	$ 33,587,239
Total operating revenues	25,623,115	1,614,364	6,349,760	33,587,239
OPERATING EXPENSES				
Personnel costs	2,721,727	290,104	546,802	3,558,633
Water supply	7,355,904	-	-	7,355,904
Wastewater treatment	8,386,029	-	-	8,386,029
Refuse collection	-	-	4,829,731	4,829,731
Administrative charges	1,356,063	102,673	534,235	1,992,971
Contractual services	233,368	149,673	220,876	603,917
Repairs and maintenance	944,852	-	24,777	969,629
Materials and supplies	632,445	4,448	18,577	655,470
Other	363,708	27,628	994	392,330
Depreciation	3,619,375	642,658	35,543	4,297,576
Total operating expenses	25,613,471	1,217,184	6,211,535	33,042,190
Operating income (loss)	9,644	397,180	138,225	545,049
NON-OPERATING REVENUES (EXPENSES)				
Investment income	1,586,843	188,554	32,571	1,807,968
Miscellaneous revenue	149,642	18,895	190,309	358,846
Interest expense	(768,372)	(5,591)	-	(773,963)
Total non-operating revenues (expenses)	968,113	201,858	222,880	1,392,851
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	977,757	599,038	361,105	1,937,900
Capital contributions - impact fees	858,654	-	-	858,654
Transfers out	(2,529,808)	-	-	(2,529,808)
CHANGE IN NET POSITION	(693,397)	599,038	361,105	266,746
NET POSITION - BEGINNING	60,474,624	13,025,256	1,107,816	74,607,696
NET POSITION - END OF YEAR	$ 59,781,227	$ 13,624,294	$ 1,468,921	$ 74,874,442

The accompanying notes are an integral part of these financial statements.

CITY OF DESOTO, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds			
	Public Utility	Drainage	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 25,414,875	$ 1,603,466	$ 6,379,973	$ 33,398,314
Payments to suppliers	(18,778,625)	(662,127)	(5,874,792)	(25,315,544)
Payments to employees	(2,437,655)	(240,231)	(496,417)	(3,174,303)
Net cash provided by operating activities	4,198,595	701,108	8,764	4,908,467
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Other receipts	149,642	18,895	190,309	358,846
Transfers out to other funds	(2,529,808)	-	-	(2,529,808)
Net cash provided (used) by noncapital financing activities	(2,380,166)	18,895	190,309	(2,170,962)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(8,338,601)	(119,028)	(185,634)	(8,643,263)
Principal paid on long-term debt	(1,555,000)	(330,000)	-	(1,885,000)
Interest paid on long-term debt	(994,544)	(20,634)	-	(1,015,178)
Impact fees for capital projects	858,654	-	-	858,654
Net cash provided (used) by capital and related financing activities	(10,029,491)	(469,662)	(185,634)	(10,684,787)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,586,843	188,554	32,571	1,807,968
Net cash provided by investing activities	1,586,843	188,554	32,571	1,807,968
Net (decrease) increase in cash and cash equivalents	(6,624,219)	438,895	46,010	(6,139,314)
Cash and cash equivalents, beginning of year:				
Cash and cash equivalents	41,518,750	4,653,554	653,609	46,825,913
Cash and cash equivalents, end of year:				
Cash and cash equivalents	19,820,554	2,662,294	699,619	23,182,467
Restricted cash and cash equivalents	15,073,977	2,430,155	-	17,504,132
Total cash and cash equivalents	34,894,531	5,092,449	699,619	40,686,599
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	9,644	397,180	138,225	545,049
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	3,619,375	642,658	35,543	4,297,576
Decrease (increase) in customer receivable	(264,711)	(10,898)	30,213	(245,396)
Decrease (increase) in inventory	588	-	-	588
Increase (decrease) in accounts payable	493,156	(377,705)	(245,602)	(130,151)
Increase (decrease) in accrued liabilities	26,423	3,556	(331)	29,648
Increase (decrease) in customer deposits	56,471	-	-	56,471
Increase (decrease) in compensated absences	102,563	29,859	24,605	157,027
Increase (decrease) in net pension/total OPEB liabilities	1,424,402	158,478	251,451	1,834,331
Increase (decrease) in pension related deferred inflows	(588,633)	(67,733)	(107,470)	(763,836)
Increase (decrease) in pension and OPEB related deferred outflows	(680,683)	(74,287)	(117,870)	(872,840)
Net cash provided (used) by operating activities	$ 4,198,595	$ 701,108	$ 8,764	$ 4,908,467

The accompanying notes are an integral part of these financial statements.

1. Summary of Significant Accounting Policies

The City of DeSoto (the "City") was incorporated in 1949. The City operates as a home-rule City under a council-manager form of government with a mayor and six City Council members elected at large. The City provides the following services as authorized by its charter: public safety (police and fire), streets, water, sewer and drainage utilities, solid waste operations, public library, parks and recreation, public improvements, planning, zoning and code enforcement, and general administrative services.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America for local governments. Generally accepted accounting principles (GAAP) for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting and reporting policies:

A. Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and are appropriately presented as funds of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City.

Based on these criteria, the financial information of the following entities is blended or discretely presented within the financial statements.

Blended Component Units

Health Facilities Development Corporation - The City created the Corporation to assist the maintenance of public health within the City. The Corporation's governing body is the same as the governing body of the City. The Corporation is authorized to sell bonds. Operational responsibility of the Health Facilities Development Corporation lies with City management. Upon dissolution of the Corporation, the assets of the Corporation shall be distributed to the City.

Housing Finance Corporation - The City created the Corporation to carry out the purposes of the Texas Housing Finance Corporations Act within the City. The Corporation's governing body is the same as the governing body of the City. There are seven directors. The Corporation is authorized to sell bonds. Operational responsibility of the Housing Finance Corporation lies with City management. Upon dissolution of the Corporation, title to or other interests in any real or personal property owned by the Corporation shall vest in the City.

Industrial Development Authority, Inc. - The City created the Corporation for the purposes of promoting and developing commercial, industrial, manufacturing and medical research enterprises to promote and encourage employment, public health and public welfare within the City. The Corporation's governing body is the same as the governing body of the City and operational responsibility lies with City management. The Corporation is authorized to sell bonds. Upon dissolution of the Corporation, the assets of the Corporation shall be distributed to the City.

Discretely Presented Component Unit

DeSoto Development Corporation (DDC) - The Corporation was created in 2021 for the purpose of promoting development within the City. There are five directors, all appointed by the City Council. All directors are residents of the City. Each director serves a three-year staggered term. The Corporation is authorized to borrow funds and issue bonds with City Council approval, and is assigned a portion of the City's sales tax revenues to promote economic development.

Separate financial statements are not issued for the Health Facilities Development Corporation, the Housing Finance Corporation and the Industrial Development Authority.

Complete financial statements are issued by DDC and can be obtained from:

DeSoto Development Corporation
211 E. Pleasant Run Road
DeSoto, Texas 75115

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its discretely presented component units.

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

Governmental activities, which are normally supported by property, sales and franchise taxes, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Significant revenues generated from business-type activities include: charges to customers for water and wastewater services, municipal drainage services and charges for solid waste services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

This statement demonstrates the degree to which the direct expenses of a given function of government are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function of City government. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues in the statement of activities.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In addition to the government-wide financial statements, the City also reports separate financial statements for governmental funds, proprietary funds and these statements are classified as fund financial statements. The fund financial statements are organized on the basis funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the City. This fund is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund - This fund accounts for the accumulation of resources (primarily property tax levies) for the payment of principal, interest and related costs of general long-term debt.

Street Improvement Fund - This fund accounts for the financial and construction costs of various street improvement projects within the City. General obligation and certificate of obligation bonds provide the financing.

Park Improvement Fund – These funds account for the financial and construction costs of various park improvement projects within the City. General obligation and certificate of obligation bonds provide the financing.

ARPA Grant Fund – This fund accounts for funds received under the American Rescue Plan Act grant and the related expenditures.

The City reports the following major proprietary funds:

Public Utility Fund - This fund accounts for water and wastewater system services provided for residents and businesses of the City, including administration, operations, maintenance, debt service, billing and collection.

Drainage Fund - This fund accounts for the operation of the Drainage Utility and provides funding for drainage capital improvements, and enhanced maintenance of the drainage system.

Sanitation Fund - This fund accounts for revenues and expenses of solid waste operations. Revenues are generated through user charges. This fund also funds additional services for litter control and median beautification, street sweeping and household hazardous waste collection.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. With the economic resources measurement focus, all assets and liabilities (whether current or noncurrent) are reported on the Statement of Net Position.

As a general rule, except for interfund services provided and used which are not eliminated in the process of consolidation, the effect of other interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers for goods or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary operating are charges to customers for sales and services. All revenues and expenses that do not meet this definition are reported as non-operating revenues and expenses. Unbilled receivables for water and sewer services are recorded at year-end.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. Measurable means the amount of the transaction can be determined. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the fiscal year-end. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, with the exception of principal and interest on general long-term debt, and liabilities for accrued compensated absences and arbitrage rebate, which are recognized when due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

Cash and Cash Equivalents

The City's cash and cash equivalents are considered short-term, highly liquid investments with a maturity date within three months of the date acquired that are readily convertible to known amounts of cash and so near maturity that there is not significant risk of changes in value due to change in interest rates.

Investments

Investments consist of balances in privately managed public funds investment pools, investments in United States (U.S.) securities and U.S. Agency securities, municipal bonds, and certificates of deposit. Investments for the City are reported at fair value, except for the position in investment pools. The City's investment in pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

Public Funds Investment Pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act Chapter 79 of the Texas Government Code and are subject to the provisions of the Public Funds Investment Act (the "Act") Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the fair value of its underlying investment portfolio within one-half of one percent of the value of its shares.

Property Taxes

Ad valorem taxes are levied from valuations assessed as of January 1 and are recognized as revenue beginning on the date of levy, October 1, when they become available. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within 60 days of the fiscal year are recorded as deferred revenue and is recognized when it becomes available. Taxes collected prior to the levy date to which they apply are recorded as deferred revenue and recognized as revenue of the period to which they apply. Current taxes are due on October 1 and become delinquent if unpaid on February 1 and are turned over to the City Attorney for collection on July 1. Delinquent property taxes attach as an enforceable lien on property as of January 1. For the year ended September 30, 2023, the City had a tax rate of $.6916 per $100, of which $.544249 was allocated for general government, and $.147305 was allocated for payment of principal and interest on governmental activities long-term debt.

Receivables

Taxes and accounts receivable are shown net of an allowance for uncollectible. Accounts receivable in excess of 90 days comprise the allowance for uncollectible. The property tax receivable allowance is equal to 10 percent of outstanding property taxes at September 30, 2023.

Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventory

Inventories are valued at cost, using the first-in, and first-out method. The City utilizes the consumption method to recognize inventory usage. Under the consumption method, inventories are recorded as expenditures or expenses when used rather than when purchased.

Prepaid Items

Prepaid items represent payments for goods and services that were made in advance of receiving those goods or services. Prepaid items are valued under the consumption method, whereby they are recorded as expenditures or expenses when used rather than when purchased.

Restricted Assets

Certain proceeds from bonds, resources set aside for their repayment, and other restrictive agreements are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants and/or contractual arrangements.

Capital Assets

Capital assets, which include land, buildings, infrastructure, improvements, equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are recorded at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Assets capitalized have an original cost of $5,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Assets	Use Lives (Years)
Infrastructure, water and sewer system, and water line replacements	10 - 50
Buildings	32
Equipment and furniture	30-10
Right to use - building	Lease term
Right to use - SBITA	Lease term

Compensated Absences

The City permits employees to accumulate to certain limits unused vacation, sick leave and compensatory time. For civilian and police employees, unused vacation leave may be accumulated to a maximum of 320 hours and unused sick leave may be accumulated to a maximum of 720 hours. For firefighters, unused vacation leave may be accumulated to a maximum of 480 hours and unused sick leave may be accumulated to a maximum of 1,080 hours. Liabilities for compensated absences are normally expected to be liquidated with expendable available financial resources and are recognized as governmental fund liabilities to the extent that they mature each period. Accrued compensated absences are reported in the respective columns in the government-wide financial statements and in the proprietary fund financial statements when earned. Compensated absences are reported in governmental funds only if they have matured.

Unearned Revenues

Unearned revenues are reported when cash is received before the related performance or eligibility requirements are met. These relate primarily to the grant funds received in advance for the COVID-19 CARES Act and ARPA grants, which will be recognized in future years to the extent that funds are spent. The City also reports unearned revenues for facility rental payments received before the rental is used.

Long-term Debt

In the government-wide financial statements, and the proprietary fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds if material in amount. In the governmental fund financial statements, bond premiums and discounts are recognized during the current period. The face amount of debt is recorded as other financing sources. Bond premiums and discounts are recorded as other financing sources and uses. Per the City's debt management policy, the total general obligation bonds together with the principal amount of all other outstanding tax indebtedness of the City is subject to a limit of 10% of the total assessed valuation of the City's tax rolls.

Leases

The City has entered into various lease agreements as both lessee and lessor. Key estimates and judgments related to leases include how the Corporation determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate, if available. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or lease asset.

Lessee. The CIty is a lessee for a noncancellable lease of a building. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor. The City subleases portions of the leased building to local businesses. In both the government-wide financial statements and the fund financial statements, the City initially measures the lease receivable and a deferred inflow of resources for the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is recognized as revenue on a systematic basis over the life of the lease.

Subscription-Based IT Arrangements

The City is a lessee for noncancellable subscription-based IT arrangements (SBITAs). The City recognizes a liability and an intangible right-to-use assets in the government-wide financial statements.

At the commencement of a SBITA, the City initially measures the liability at the present value of payments expected to be made during the agreement term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected payments to present value, (2) agreement term, and (3) agreed upon payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate.

- The agreement term includes the noncancellable period of the SBITA.

- The agreed upon payments included in the measurement of the liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability.

These right to use assets are reported with other capital assets and liabilities are reported with long term debt on the statement of net position.

Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except interfund services provided and used, are recorded as transfers.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future reporting period and thus, will not be recognized as an outflow of resources (expense) until that time. The City has three items that qualify for reporting in this category.

- Deferred loss refunding - Reported in the proprietary fund and government-wide financial statements, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Deferred outflows of resources for pension activities - Reported in the government wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan. These outflows are included in the deferred amounts for post-employment benefits on the statement of net position.

- Deferred outflows of resources for OPEB - these deferred outflows result from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of changes in assumptions and other inputs. The deferred outflows of resources resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the next fiscal year. The other OPEB related outflow will be amortized over the expected remaining service lives of all employees (active and inactive employees) who are provided with OPEB benefits, which is currently between 5.75 and 8.5 years, depending on the plan. These outflows are included in the deferred amounts for post-employment benefits on the statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future reporting period and thus, will not be recognized as an inflow of resources (revenue) until that time. The City has four items that qualifies for reporting in this category.

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes and EMS services arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

  Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	General	Debt Service	Nonmajor Governmental Funds	Total
Property taxes	$ 38,349	$ 3,259	$ -	$ 41,608
Property assessments	-	-	21,952	21,952
Court fines and fees receivable	1,005,640	-	-	1,005,640
Ambulance	220,038	-	-	220,038
Alarm permits	33,437	-	-	33,437
Total	$ 1,297,464	$ 3,259	$ 21,952	$ 1,322,675

- Deferred inflows of resources for pensions and OPEB - Reported in the government wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five-year period. These outflows are included in the deferred amounts for post-employment benefits on the statement of net position.

- Deferred gain on refunding - Reported in the proprietary fund and government-wide financial statements, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Deferred amounts related to leases – reported in the government-wide and component unit financial statements, these amounts offset leases receivable and are amortized over the assessed term of the lease.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefits Payments and refunds are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Other Post-Employment Benefits

The City participates in a defined benefit group-term life insurance plan, both for current and retired employees, administered by the Texas Municipal Retirement System (TMRS). The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company.

Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The City Council delegates the authority for determining this intent to the City Manager. Assignments are made at the City Manager's discretion, but generally represent items for which specific funds have been informally dedicated internally. This classification also includes the remaining positive fund balance for all governmental funds except the General Fund.

- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on the use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Change in Accounting Principle

GASB Statement No. 96, *Subscription-Based IT Arrangements*, was adopted effective October 1, 2022. The statement addresses accounting and financial reporting for SBITA contracts. Statement No. 96 establishes standards for recognizing and measuring assets, liabilities, deferred outflows of resources, deferred inflows of resources, and revenues and expenses related to SBITAs in the basic financial statements, in addition to requiring more extensive note disclosures. The adoption of this standard did not result in a restatement of the beginning fund balance or net position, but assets, liabilities and deferred inflows were recognized, and more extensive note disclosures were required.

2. Cash and Investments

As of September 30, 2023, the City's investments included privately managed public funds investment pools, investments in United States (U.S.) securities and U.S. Agency securities, municipal bonds, and certificates of deposit. The investment pools are recorded at amortized costs and the remaining investments are recorded at their fair value measured with level 2 inputs.

The City participates in the Texas Local Government Investment Pool ("TexPool"), a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

Texas CLASS, the Texas Cooperative Liquid Asset Securities System (Trust Company) was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. It is administered and managed by Public Trust Advisors, LLC and Wells Fargo Bank N.A. is the custodial bank. The primary objectives of Texas CLASS Investment Pool is to maintain safety of principal while providing participating government entities with the highest possible rate of return for invested funds. The City's amortized cost in the Texas CLASS Investment Pool is the same as the value of the pool shares.

Certain External Investment Pools and Pool Participants, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates and may only restrict withdrawals in the event of a general banking moratorium or during a national state of emergency.

Credit Risk

In compliance with the City's investment policy as of September 30, 2023, the City minimized credit risk losses due to default of a security issuer or backer by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers/dealers, and advisors with which the City does business, and diversifying the investment portfolio so that potential losses on individual securities are minimized. The following is a listing of investments held at September 30, 2023:

	Recorded Value	Credit Quality Rating	Percentage of Investments	Weighted Average Maturity (Days)
Investment Type:				
Local Government Investment Pools:				
TexPool	$ 72,311	AAAm	0.06%	28
Texas CLASS	17,432,901	AAAm	13.36%	72
Total Local Government Investment Pools	17,505,212		13.42%	
Investment Securities:				
Certificates of Deposit	97,171,267	N/A	74.48%	229
Money Market & Insured Cash Sweep	15,797,400	N/A	12.11%	1
Total Investment Securities	112,968,667		86.58%	
	$ 130,473,879		100.00%	

Interest Rate Risk

In order to minimize risk of loss due to interest rate fluctuations, the City's investment policy states investment maturities will not exceed the anticipated cash flow requirement of the funds as follows:

Operating Funds - The dollar weighted average maturity of 365 days or less will be calculated using the stated final maturity of each security and the maximum allowable maturity shall be there for years.

Debt Service Fund - The maximum maturity for securities purchased shall not exceed the corresponding debt service payment date.

Special Purpose Funds - The maximum maturity shall not exceed five years and each fund's weighted average life shall not exceed three years.

Custodial Credit Risk

The City maintains a cash and investment pool that combines cash of the various funds in order to maximize investment opportunities. The City's policy and state statutes require that all deposits in financial institutions be insured by the Federal Depository Insurance Corporation (FDIC) or fully collateralized as per the Public Funds Collateral Act. The City's deposits were fully insured or collateralized as required by state statutes as of September 30, 2023.

As of September 30, 2023, all of DDC's deposits were fully insured by FDIC insurance or collateralized.

3. Receivables

Accounts receivables at September 30, 2023, for the City's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service	Nonmajor Governmental	Total
Receivables:				
Property taxes	$ 1,480,068	$ 438,103	$ -	$ 1,918,171
Sales tax	2,076,232	-	-	2,076,232
Property assessments	-	-	21,952	21,952
Hotel occupancy taxes	-	-	177,719	177,719
Court fines	10,056,397	-	-	10,056,397
Ambulance	5,646,844	-	-	5,646,844
Franchise fees	844,147	-	-	844,147
Alarm permits	334,372	-	-	334,372
Other	219,631	-	48,959	268,590
Gross receivables	20,657,691	438,103	248,630	21,344,424
Less: allowance for uncollectible accounts	(16,264,317)	(423,661)	-	(16,687,978)
Net receivables	$ 4,393,374	$ 14,442	$ 248,630	$ 4,656,446

	Proprietary Funds			
	Public Utility	Drainage	Sanitation	Total
Customer accounts	$ 5,429,593	$ 190,346	$ 733,540	$ 6,353,479
Other	25,772	-	113	25,885
Gross receivables	5,455,365	190,346	733,653	6,379,364
Less: allowance for uncollectible accounts	(158,190)	(4,361)	(12,939)	(175,490)
Net receivables	$ 5,297,175	$ 185,985	$ 720,714	$ 6,203,874

Leases Receivable. The DeSoto Development Corporation entered into multiple leases as lessor of office space by various tenants. The lessees are required to make monthly payments ranging from $400 to $2,149. The lease ends in fiscal year 2025.

A summary of DeSoto Development Corporation's lease receivables as of September 30, 2023, is as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Lease Receivable	Interest Current Year	Amounts Receivable 9/30/23
Right to Use:					
Office Space	4%	2017	$ 606,828	$ 17,776	$ 109,800
Totals				$ 17,776	$ 109,800

4. Capital Assets

Capital assets activity for the primary government for the fiscal year ended September 30, 2023, is as follows:

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 9,793,670	$ 42,000	$ -	$ 9,835,670
Street/Alley ROW	14,072,949	-	-	14,072,949
Construction in progress	11,272,868	10,955,269	(1,786,839)	20,441,298
Total capital assets not being depreciated	35,139,487	10,997,269	(1,786,839)	44,349,917
Capital assets being depreciated:				
Buildings	50,452,753	253,815	943,582	51,650,150
Infrastructure	195,672,689	3,198,398	1,548,273	200,419,360
Equipment and furniture	20,331,093	1,925,647	(941,580)	21,315,160
Right to use - SBITA	1,291,892	-	-	1,291,892
Total assets being depreciated	267,748,427	5,377,860	1,550,275	274,676,562
Less accumulated depreciation for:				
Buildings	21,349,816	1,363,483	-	22,713,299
Infrastructure	120,743,940	1,223,658	-	121,967,598
Equipment and furniture	16,695,049	6,076,744	-	22,771,793
Right to use - SBITA	-	395,153	-	395,153
Total accumulated depreciation	158,788,805	9,059,038	-	167,847,843
Total capital assets being depreciated, net	108,959,622	(3,681,178)	1,550,275	106,828,719
Governmental activities capital assets, net	$ 144,099,109	$ 7,316,091	$ (236,564)	$ 151,178,636

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 1,244,443	$ -	$ -	$ 1,244,443
Construction in progress	8,120,244	8,504,007	(6,532,965)	10,091,286
Total capital assets, not being depreciated	9,364,687	8,504,007	(6,532,965)	11,335,729
Capital assets being depreciated:				
Water and sewer system	95,648,791	-	5,770,161	101,418,952
Drainage system	13,935,488	150,909	-	14,086,397
Improvements	15,075,500	-	762,804	15,838,304
Equipment and furniture	2,418,720	221,191	(215,140)	2,424,771
Total assets being depreciated	127,078,499	372,100	6,317,825	133,768,424
Less accumulated depreciation for:				
Water and sewer system	57,074,389	2,664,762	-	59,739,151
Drainage system	7,693,703	557,340	-	8,251,043
Improvements	10,631,381	1,068,782	-	11,700,163
Equipment and furniture	2,084,124	6,692	(179,577)	1,911,239
Total accumulated depreciation	77,483,597	4,297,576	(179,577)	81,601,596
Total capital assets being depreciated, net	49,594,902	(3,925,476)	6,497,402	52,166,828
Business-type activities capital assets, net	$ 58,959,589	$ 4,578,531	$ (35,563)	$ 63,502,557

Capital assets activity for the discretely presented component unit is as follows:

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
DeSoto Development Corporation:				
Capital assets not being depreciated:				
Land	$ 11,250	$ -	$ -	$ 11,250
Total capital assets not being depreciated	11,250	-	-	11,250
Capital assets being depreciated:				
Improvements	5,324,530	-	-	5,324,530
Furniture and equipment	69,879	-	-	69,879
Right to use - building	856,008	-	-	856,008
Total assets being depreciated	6,250,417	-	-	6,250,417
Less accumulated depreciation for:				
Improvements	3,659,774	-	-	3,659,774
Furniture and equipment	69,879	-	-	69,879
Right to use - building	492,204	85,601	-	577,805
Total accumulated depreciation	4,221,857	85,601	-	4,307,458
Total capital assets being depreciated, net	2,028,560	(85,601)	-	1,942,959
DeSoto Development Corporation capital assets, net	$2,039,810	$ (85,601)	$ -	$1,954,209

Depreciation

Depreciation expense was charged to functions/programs of the City as follows:

	Depreciation Expense
Primary government	
Governmental activities:	
General government	$ 470,013
Public safety	1,140,857
Development services	5,761,284
Parks and recreation	1,093,746
Library services	32,218
Financial services	25,267
Information technology	535,653
Total Governmental activities	9,059,038
Business-type activities:	
Water and sewer	3,619,375
Drainage	642,658
Sanitation	35,543
Total Business-type activities	4,297,576
Total primary government	$ 13,356,614

Construction commitments

The City has active construction projects as of September 30, 2023. At year end, the City's commitments with contractors were as follows:

Projects	Remaining Commitment
Street improvements	$ 5,607,907
Drainage	276,499
Water and sewer	5,208,304
Total Commitments	$11,092,710

5. Long-term Liabilities

Changes in the City's long-term liability activity for the year ended September 30, 2023, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Primary Government					
Governmental activities:					
General obligation bonds	$ 30,255,000	$ -	$ (5,060,000)	$ 25,195,000	$ 4,950,000
Certificates of obligation	44,698,947	-	(1,640,000)	43,058,947	960,000
Bond premium	8,407,374	-	(845,233)	7,562,141	-
Financed purchase	569,114	-	(185,181)	383,933	189,904
SBITA liability	1,291,892	-	(395,153)	896,739	397,239
Compensated absences	5,987,702	1,793,339	(1,924,966)	5,856,075	1,171,215
Total governmental activity Long-term liabilities	$ 91,210,029	$ 1,793,339	$ (10,050,533)	$ 82,952,835	$ 7,668,358
Business-type activities:					
General obligation bonds	$ 8,355,000	$ -	$ (935,000)	$ 7,420,000	$ 1,065,000
Certificates of obligation	19,931,053	-	(950,000)	18,981,053	760,000
Bond premium	3,343,735	-	(272,920)	3,070,815	-
Compensated Absences	360,388	327,109	(170,081)	517,416	103,483
Total business-type activity Long-term liabilities	$ 31,990,176	$ 327,109	$ (2,328,001)	$ 29,989,284	$ 1,928,483

For governmental activities, compensated absences are generally liquidated by the General Fund.

Changes in the discretely presented component unit's long-term liabilities for the year ended September 30, 2023, are as follows:

DeSoto Development Corporation	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Compensated Absences	$ 22,976	$ 16,566	$ (9,782)	$ 29,760	$ 5,952
Leases	405,851	-	(89,393)	316,458	93,035
Total	$ 428,827	$ 16,566	$ (99,175)	$ 346,218	$ 98,987

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental activities. These instruments include general obligation bonds, certificates of obligation, and tax notes. These debt obligations are secured by primarily future property tax revenues. In some cases, these bonds are also secured by a pledge of net revenues from the utility system that is generally limited to a nominal amount.

Additionally, certain obligations that were marketed as private placements have been separately identified; however, the terms of these obligations are not significantly different than other obligations and do not have substantive acceleration clauses. Should the City default on these bonds, any registered owner of the obligations is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make payment.

Governmental Activities

General obligation bonds and certificates of obligation for Governmental Activities outstanding at September 30, 2023, consist of the following individual issues:

General Obligation Bonds:	Interest Rate	Final Maturity Date	Outstanding 09/30/23
2012 Refunding	3.0 - 5.0%	2/15/25	$ 3,320,000
2015 General Obligation	2.5 - 4.0%	2/15/30	2,025,000
2016 Refunding	2.0 - 3.0%	2/15/36	3,600,000
2016 Refunding (Taxable)	2.25 - 4.0%	2/15/36	995,000
2017 Refunding	2.0 - 4.0%	2/15/37	9,670,000
2019 General Obligation	3.0 - 4.0%	2/15/39	3,885,000
2020A General Obligation Refunding	0.43 - 2.13%	2/15/33	820,000
2020B General Obligation Refunding	2.0 - 5.0%	2/15/31	880,000
Total general obligation bonds			25,195,000
Certificates of Obligation:			
2015 Tax and Revenue	2.5 - 3.5%	2/15/30	1,275,000
2016 Tax and Revenue	2.5 - 4.0%	2/15/36	700,000
2017 Tax and Revenue	2.0 - 4.0%	2/15/37	2,900,000
2019 Tax and Revenue	3.0 - 4.0%	2/15/39	4,255,000
2020 Tax and Revenue	2.0 - 5.0%	2/15/40	16,085,000
2022 Tax and Revenue	4.0 - 5.0%	2/15/42	17,843,947
Total certificates of obligation			43,058,947
Total bonds and certificates payable			$ 68,253,947

Business-Type Activities

General obligation bonds and certificates of obligation for Business-Type Activities outstanding at September 30, 2023, consist of the following individual issues:

General Obligation Bonds:	Interest Rate	Final Maturity Date	Outstanding 09/30/23
2012 Refunding Bonds	3.0 - 5.0%	2/15/25	$ 170,000
2016 Refunding Bonds	2.0 - 3.0%	2/15/26	260,000
2017 Refunding Bonds	2.0 - 4.0%	2/15/37	1,390,000
2020A General Obligation Refunding	0.43 - 2.13%	2/15/33	2,460,000
2020B General Obligation Refunding	2.0 - 5.0%	2/15/31	3,140,000
Total general obligation bonds			7,420,000
Certificates of Obligation:			
2017 Tax and Revenue	2.0 - 4.0%	2/15/37	725,000
2019 Tax and Revenue	3.0 - 4.0%	2/15/39	4,200,000
2020 Tax and Revenue	2.0 - 5.0%	2/15/40	6,845,000
2022 Tax and Revenue	4.0 - 5.0%	2/15/42	7,211,053
Total certificates of obligation			18,981,053
Total bonds and certificates			$ 26,401,053

Amortization Schedules

The annual requirements to amortize long term debt as of September 30, 2023, are as follows:

General Obligation Bonds

	Governmental Activities		Business-Type Activities	
Fiscal Year	Principal	Interest	Principal	Interest
2024	$ 4,950,000	$ 859,775	$ 1,065,000	$ 234,826
2025	4,945,000	654,938	1,010,000	207,936
2026	3,315,000	492,933	940,000	177,553
2027	2,845,000	369,065	895,000	141,579
2028	1,755,000	276,012	920,000	105,594
2029-2033	4,270,000	782,002	2,590,000	130,788
3034-3038	2,790,000	248,506	-	-
3039-2043	325,000	4,874	-	-
Total	$ 25,195,000	$ 3,688,105	$ 7,420,000	$ 998,276

Certificates of Obligation

	Governmental Activities		Business-Type Activities	
Fiscal Year	Principal	Interest	Principal	Interest
2024	$ 960,000	$ 1,747,062	$ 760,000	$ 750,275
2025	1,005,000	1,705,513	785,000	723,400
2026	2,065,000	1,637,300	820,000	690,600
2027	2,170,000	1,542,050	860,000	651,650
2028	2,255,000	1,441,600	900,000	610,575
2029-2033	12,305,000	5,593,625	5,165,000	2,381,650
3034-3038	14,140,000	2,965,300	6,230,000	1,256,250
3039-2043	8,158,947	533,250	3,461,053	216,225
Total	$ 43,058,947	$ 17,165,700	$ 18,981,053	$ 7,280,625

Defeased Debt

In prior years and during the current year, the City defeased, certain debt by placing the proceeds of the new bonds in an irrevocable trust, to provide for all future debt service payments on the refunded debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. As of September 30, 2022, the total amount of defeased bonds still outstanding is $2,830,000 and will be callable in fiscal year 2023.

Financed Purchases

The City has entered into financing arrangements for financing the acquisition of fire trucks. The agreements transfer ownership of the financed equipment, and in the event of default, the arrangements are secured by that equipment. The arrangements bear interest from .20-2.5% per annum.

The financed purchase payment requirements as of September 30, 2023, are as follows:

Fiscal Year	Principal	Interest
2024	$ 189,904	$ 9,809
2025	194,029	4,966
	$ 383,933	$ 14,775

Leases

The discretely presented component unit (DeSoto Development Corporation) has entered into a building lease in prior years. The lease liability represents the present value of future payments assuming an interest rate of 4%. During the current year, the DDC paid interest of $14,607.

Future lease payment requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest	Totals
2024	$ 93,035	$ 10,965	$ 104,000
2025	96,825	7,175	104,000
2026	100,770	3,230	104,000
2027	25,828	172	26,000
Totals	$ 316,458	$ 21,542	$ 338,000

6. Interfund Balances and Transfers

Due to/from Other Funds

There composition of interfund balances outstanding as of September 30, 2023, is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General	Nonmajor Governmental	$ 418,266	Advances for expenditure driven grants
General	Street Improvement	4,000,000	Advances for expenditure driven grants
General	Public Improvement District	4,813	Advances for expenditure driven grants
Public Utility	General	31,540	Advances for payroll expenditures
Drainage	General	11,915	Advances for payroll expenditures
Sanitation	General	8,957	Advances for payroll expenditures
Nonmajor Governmental	General	208,682	Advances for payroll expenditures & Advances for expenditure driven grants
Totals		$ 4,684,173	

Interfund Transfers

The composition of interfund transfers for the year ended September 30, 2023, is as follows:

Transfer From	Transfer To	Amount	Purpose
General fund	Debt service	$ 205,664	To fund debt service
	Street Improvement	2,004,689	Street improvement projects
	Nonmajor governmental	55,015	To supplement capital projects
Nonmajor governmental	General fund	1,180,407	Miscellaneous
Public utility	General fund	2,529,808	PILOT, franchise fees, energy management grant, and maintenance and equipment
		$ 5,975,583	

7. Employee Retirement System

Texas Municipal Retirement System

Plan Description and Provisions

The City participates as one of 901 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The City grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

Beginning in 2010, the City granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount that takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 2010, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate:	7%
Matching ratio (City to employee):	2 to 1
Years required for vesting:	5
Service retirement eligibility:	20 years at any age, 5 years at age 60 and above
Updated service credit:	100% Repeating
Annuity increase to retirees:	30% of CPI repeating
Supplemental death benefit - employees and retirees	Yes

The employer contribution rate cannot exceed a statutory maximum rate, which is based on a combination of the employee contribution rate and the City matching percentage. There is an optional higher maximum rate that may be applied in certain circumstances if elected by participating cities, or a city may elect to remove the maximum rate.

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	293
Inactive employees entitled to but not yet receiving benefits	327
Active employees	376
Total	996

Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the member's total compensation, and the city matching ratios are either 1:1(1 to 1), 1.5:1 (1 ½ to 1) or 2:1 (2 to 1), both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.06% and 10.83% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for pension benefits for the year ended September 30, 2023, were $3,534,994 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 100.0%. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.55%
Core fixed income	6.00%	2.00%
Non-core fixed income	20.00%	5.68%
Other Public and Private Markets	12.00%	7.22%
Real estate	12.00%	6.85%
Hedge Funds	5.00%	5.35%
Private equity	10.00%	10.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statue. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability/(Asset)

	Increase (Decease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2021	$ 145,442,870	$ 150,795,935	$ (5,353,065)
Changes for the year:			
Service cost	4,668,673	-	4,668,673
Interest	9,771,956	-	9,771,956
Change In Assumptions	-	-	-
Difference between expected and actual experience	947,649	-	947,649
Contributions - employer	-	3,219,386	(3,219,386)
Contributions - employee	-	2,024,827	(2,024,827)
Net investment income	-	(11,004,694)	11,004,694
Benefit payments, including refunds of employee contributions	(6,014,972)	(6,014,972)	-
Administrative expense	-	(95,253)	95,253
Other changes	-	113,665	(113,665)
Net changes	9,373,306	(11,757,041)	21,130,347
Balance at 12/31/2022	$ 154,816,176	$ 139,038,894	$ 15,777,282

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The net pension liability attributable to the governmental activities will be liquidated primarily by the General Fund.

The following presents the net pension liability/(asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) of 1-percentage-higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability/(asset)	$ 37,362,748	$ 15,777,282	$(1,949,159)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the City recognized a pension expense of $5,729,256.

At September 30, 2023, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,058,306	$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	9,540,264	-
Contributions subsequent to the measurement date	2,644,506	-
Total	$ 13,243,076	$ -

$2,644,506 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	
2024	$ 1,011,178
2025	2,666,490
2026	2,684,219
2027	4,236,683

8. Other Post-Employment Benefits

TMRS Supplemental Death Benefits Plan

Plan Description

The City voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF). The SDBF is a single-employer defined benefit Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TMRS Act identically to the City's pension plan.

Benefits Provided

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of $7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	194
Inactive employees entitled to but not yet receiving benefits	63
Active employees	376
Total	633

Contributions

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city (currently 0.21% of covered payroll). The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

For the year ended September 30, 2023, the City paid contributions of $38,032, which equaled the required contributions and represents both the current and retired employee contributions.

Actuarial Assumptions

The City's Total OPEB Liability ("TOL") was measured at December 31, 2022 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

Inflation rate	2.50%
Actuarial cost method	Entry Age Normal
Discount rate	4.05%
Projected salary increases	3.5% to 11.5% including inflation

Changes in Total OPEB Liability

Changes in Total OPEB Liability	
Total OPEB Liability - Beginning	$ 1,600,888
Changes for the year:	
Service cost	80,993
Interest on total OPEB liability	29,909
Differences between expected and actual experience	(33,418)
Changes in assumptions or other inputs	(557,333)
Benefit payments	(31,819)
Net Changes in Total OPEB Liability	(511,668)
Total OPEB Liability - Ending	$ 1,089,220

Sensitivity Analysis

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 4.05%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.05%) or 1 percentage point higher (5.05%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

1% Decrease in Discount Rate 3.05%	Discount Rate 4.05%	1% Increase in Discount Rate 5.05%
$ 1,301,943	$ 1,089,220	$ 923,361

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Activity

For the year ended September 30, 2023, the City recognized OPEB expense of $67,972 relating to the SDBF plan.

As of September 30, 2023, the City reported deferred outflows and inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual economic experience	$ -	$ 69,240
Difference in assumption changes	189,777	467,038
Employer contributions subsequent to the measurement date	29,231	-
Totals	$ 219,008	$ 536,278

The $29,231 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2024. Amounts currently reported as deferred outflows and inflows of resources related to OPEBs, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2024	$ (54,732)
2025	(52,376)
2026	(88,407)
2027	(108,241)
2028	(42,745)

Health Insurance

In addition to providing pension benefits, retired employees are entitled to elect continuation coverage under the City's group accident and health insurance plan. The City revised its health care plan which requires that retirees pay the full cost of their health care as determined by the City's health care provider. The health care provider segregates the retired employees and calculates the healthcare costs for that group. Therefore, the City does not have an implicit cost for retired employees' health care coverage and no liability for postretirement benefits.

9. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with IRC 457. The plan, available to all permanent City employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants. Participants' rights under the plan are in an amount equal to the fair value of the deferred account for each participant. Investments that are held by an outside trustee in the deferred compensation plan are not reported in the City's financial statements as the City maintains no fiduciary responsibility for such assets.

10. Commitments and Contingencies

Trinity River Authority of Texas

In November 1983, the City and other area municipalities entered into a contract with the Trinity River Authority (the "Authority") for utilization of the Authority's sewer transmission and treatment facilities. Under the contract, the City is required to pay a portion of the annual cash requirement to operate the facility determined by dividing the actual number of gallons discharged into the system by the City by the total number of gallons discharged by all of the participating cities. Accordingly, the future obligations of the City in connection with the contract cannot be estimated since payment varies in direct relationship to gallons discharged. The City has no ownership interest in the Authority or in conjunction with other participating cities.

Total payments made by the City under the contract amounted to $8,386,029 for 2023. The payments are reflected in the accompanying statement of revenues, expenses and changes in net position of the Public Utility Fund. Under the terms of the contract, the City is obligated to make payments for the use of the facilities for the life of the facilities. Further, revenue of the Public Utility Fund are pledged to support payments due the Authority in accordance with the terms of the contract. Such payments are considered operating expenses and, therefore, have priority over principal and interest due on revenue bonds.

State and Federal Programs

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. In the opinion of management of the City, disallowed costs, if any, would not be material.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the City purchased commercial insurance to cover these general liabilities from the Texas Municipal League Risk Pool ("TML"). The City pays an annual premium to TML for such coverage. TML purchases reinsurance and the City does not retain the risk of losses. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

DeSoto Development Corporation (DDC)

As of September 30, 2023, the DDC had approved several grants totaling approximately $20,963,000, payable in subsequent years, to certain businesses in the City. The payments of the grants are contingent on the businesses remaining in the City.

DDC grant commitments are scheduled as follows:

Fiscal Year	Amount
2024	$ 1,472,000
2025	1,022,000
2026	1,022,000
2027	1,022,000
2028	520,000
2029-2033	2,600,000
2034-2038	2,600,000
2039-2043	2,600,000
2044-2048	2,400,000
2049-2053	2,400,000
2054-2055	960,000
Total	$ 18,618,000

Public Improvement District (PID)

In March 2020, the City accepted a petition to authorize the creation of a Public Improvement District in accordance with Chapter 372 of the Texas Local Government Code. The PID was created for the purpose of making improvements to a designated geographic area by levying a special property assessment on the property within that area. Project costs will initially be paid for using current assessments, but the City may issue debt in the future with the assessment pledged to service that debt. In accordance with the enabling legislation, City Council has the authority to approve and modify the special assessment, appoint administration, and authorize all debt issuances. The PID is accounted for in the Public Improvement District Fund, a nonmajor special revenue fund. For 2023, the special assessment was $495,720 and the City has collected 95.57% of that total.

Other Contingencies

There are other claims and pending actions incident to normal operations of the City. In the opinion of the City management and based on consultation with the City's attorney, the City's potential liability in these matters will not have a material impact on the financial statements.

11. Joint Ventures

Southwest Regional Communications Center

The Southwest Regional Communications Center (the Center) provides police, fire, medical aid and emergency service communications to participating cities. The Center's Management Committee is comprised of each of the participating cities' City Manager or their designee. To date, the participating cities have been DeSoto, Duncanville, and Cedar Hill. During fiscal year 2023, the City contributed $1,120,126 to the operations of the Center. The City also serves as the contracted fiscal agent of the Center and holds the Center's cash to process day-to-day transactions. The Center issues separate financial statements available from the City's Financial Services Department. The City has a 100% stake in the building owned by the Center, and a one-third share in the Center's residual equity excluding the building. The City's equity interest in the joint venture as of September 30, 2023, was $561,864 and is reported in the government wide Statement of Net Position.

Regional Animal Control Shelter

The City also entered into an annually renewable Interlocal Cooperation agreement with the cities of Cedar Hill and Duncanville on September 3, 1991, to establish a Regional Animal Control Shelter facility ("facility"). The facility's Management Committee is comprised of each of the participating cities' City Manager or their designee. During the fiscal year 2023, the City contributed $374,608 to the operations of the facility. The City has a one-third share in the equity of the facility, accounted for in the government wide Statement of Net Position. The value of the City's share in the equity of the facility as of September 30, 2023, is $656,032. The financial statements of the facility can be obtained by contacting: City of Cedar Hill Finance Department, P. O. Box 96, Cedar Hill, TX 75106-0096.

12. Tax Abatements

The City's Economic Development Incentive Program, authorized by Article III, Section 52-a of the Texas Constitution and Texas Local Government Code Chapter 380, enables the City to provide grants or reimbursements from the City's general fund or economic development corporation. The City will judge each project applying for incentives under the City's Economic Development Program based on 1) the amount of tax revenues the City expects to be generated by the operation of the commercial enterprise, 2) the extent of economic enhancement and stimulation that the City will derive from location and/or operation of the commercial enterprise's business, 3) the number and quality of new employment opportunities which the City expects will result, directly and indirectly, from the operation of the commercial enterprise, and 4) the availability and priority of funding and resources the City currently has to participate in an incentive program.

Businesses that have an Economic Development Incentive agreement with the City are eligible to receive a reimbursement of property and/or sales and use taxes paid for the year if they have met the requirements outlined in the agreement by a certain date each year. Requirements generally include the construction or expansion of certain retail, manufacturing, or warehousing facilities within the City limits, and maintenance of employment levels on an ongoing basis. For the fiscal year ended September 30, 2023, the City rebated $60,000 in sales tax and $1,931,396 in property taxes.

13. Significant Upcoming Accounting Standards

Significant new accounting guidance issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the City include the following:

GASB Statement No. 99, *Omnibus 2022* – The objective of this Statement is to correct practice issues identified during implementation and application of certain GASB Statements and financial reporting for financial guarantees. There are various effective dates 1.) upon issuance 2.) fiscal years beginning after June 15, 2022 and 3.) fiscal years beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62* – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

The Government Accounting Standards Board (GASB) has amended the existing standards regarding capitalization thresholds for assets. The amended guidance for the capitalization threshold comes from GASB Implementation Guide 2021-1, Question 5.1. Capitalization policies adopted by governments include many considerations such as finding an appropriate balance between ensuring that all significant capital assets, collectively, are capitalized and minimizing the cost of recordkeeping for capital assets. A government should capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers, classroom furniture and library books are examples of asset types that may not meet a capitalization policy on an individual basis yet could be significantly collectively. In this example, if the $150,000 aggregate amount (100 computers costing $1,500 each) is significant, the government should capitalize the computers. The amended guidance is effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

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REQUIRED
SUPPLEMENTARY INFORMATION

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes	$31,403,189	$31,463,189	$31,455,650	$ (7,539)
Sales taxes	10,710,000	10,710,000	11,210,780	500,780
Franchise fees and other	2,725,000	2,725,000	2,978,370	253,370
Fines and forfeitures	961,000	961,000	865,291	(95,709)
Licenses and permits	1,277,500	1,277,500	1,245,719	(31,781)
Intergovernmental	521,550	521,550	835,992	314,442
Charges for services	2,143,300	2,143,300	2,463,104	319,804
Investment earnings	102,600	102,600	1,632,378	1,529,778
Recreation services	862,164	987,164	914,534	(72,630)
Miscellaneous	231,030	231,030	629,466	398,436
Total revenues	50,937,333	51,122,333	54,231,284	3,108,951
EXPENDITURES				
Current:				
General government	6,397,141	4,641,345	4,237,489	403,856
Public safety:				
Police	13,141,834	14,735,782	15,121,320	(385,538)
Fire	10,497,109	11,144,392	10,965,388	179,004
Development services	8,568,261	8,859,676	8,292,304	567,372
Financial services	1,737,970	1,780,890	1,623,891	156,999
Municipal court	908,478	913,891	832,795	81,096
Information technology	2,687,364	2,737,953	2,267,259	470,694
Human resources	1,038,627	1,069,026	903,224	165,802
Parks and recreation	4,655,597	5,375,740	5,215,789	159,951
Library services	1,661,266	1,719,909	1,437,844	282,065
Debt service:				
Principal	-	-	395,153	(395,153)
Interest and other	-	-	6,028	(6,028)
Capital outlay	2,259,144	7,679,489	3,479,803	4,199,686
Total expenditures	53,552,791	60,658,093	54,778,287	5,879,806
Excess (deficiency) of revenues over expenditures	(2,615,458)	(9,535,760)	(547,003)	8,988,757
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	150,000	250,000	182,218	(67,782)
Transfers in	2,554,808	3,710,215	3,710,215	-
Transfers out	(970,828)	(2,270,828)	(2,265,368)	5,460
Total other financing sources (uses)	1,733,980	1,689,387	1,627,065	(62,322)
NET CHANGE IN FUND BALANCE	(881,478)	(7,846,373)	1,080,062	8,926,435
FUND BALANCE - BEGINNING	40,286,533	40,286,533	40,286,533	-
FUND BALANCE - ENDING	$39,405,055	$32,440,160	$41,366,595	$ 8,926,435

Budgetary Information

The City follows these procedures in establishing its annual budget:

1) Prior to August 1, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1.

2) Public hearing is conducted to obtain taxpayer comments.

3) The budget is legally enacted by the City Council through passage of an ordinance prior to October 1.

4) Any revisions that alter the total budgeted expenditures of the Enterprise of Governmental Funds must be approved by the City Council.

5) Formal budgetary integration is employed as a management control device during the year for the General Fund.

6) Unused appropriations lapse at fiscal year-end and may not be carried over to the following fiscal year.

7) The City Manager is authorized to adjust budget amounts; however, such revisions may not result in total budgeted expenditures (appropriations) in excess of budgeted revenues at the fund level without the approval of City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the Fund level.

8) During the year, there was no need for any significant amendments to increase the original estimated revenues. However, there was a need to make an amendment to original budgeted appropriations for the capital outlay function to accommodate encumbered construction funds.

9) Budgetary schedules are presented for all funds with legally adopted budgets. The ARPA Grant Fund, New Grant Fund, Homeland Security Grant Fund, and Public Improvement District Fund do not have legally adopted budgets and accordingly budget information is not presented for these funds.

Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in the Debt Service Fund by $567,144. This overage was funded with existing fund balance.

CITY OF DESOTO, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Measurement Date December 31,	**2022**	**2021**	**2020**	**2019**
Total pension liability				
Service cost	$ 4,668,673	$ 4,439,329	$ 4,175,333	$ 3,938,051
Interest on total pension liability	9,771,956	9,218,083	8,650,618	8,150,857
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	947,649	373,308	1,211,242	555,198
Change of assumptions	-	-	-	346,322
Benefit payments/refunds of contributions	(6,014,972)	(5,864,749)	(5,659,866)	(5,750,524)
Net change in total pension liability	9,373,306	8,165,971	8,377,327	7,239,904
Total pension liability, beginning	145,442,870	137,276,899	128,899,572	121,659,668
Total pension liability, ending (a)	$ 154,816,176	$ 145,442,870	$ 137,276,899	$ 128,899,572
Plan fiduciary net position				
Contributions - employer	$ 3,219,386	$ 3,038,486	$ 2,804,035	$ 2,632,593
Contributions - employee	2,024,827	1,922,977	1,794,385	1,686,016
Net investment income	(11,004,694)	17,502,900	9,549,774	17,052,625
Benefit payments/refunds of contributions	(6,014,972)	(5,864,749)	(5,659,866)	(5,750,524)
Administrative expenses	(95,253)	(80,995)	(61,815)	(96,380)
Other	113,665	554	(2,412)	(2,895)
Net change in fiduciary net position	(11,757,041)	16,519,173	8,424,101	15,521,435
Fiduciary net position, beginning	150,795,935	134,276,762	125,852,661	110,331,226
Fiduciary net position, ending (b)	$ 139,038,894	$ 150,795,935	$ 134,276,762	$ 125,852,661
Net pension liability = (a)-(b)	15,777,282	(5,353,065)	3,000,137	3,046,911
Fiduciary net position as a percentage of total pension liability	89.81%	103.68%	97.81%	97.64%
Covered payroll	$ 28,926,345	$ 27,424,737	$ 25,612,477	$ 24,085,941
Net Pension liability as a percentage of covered payroll	54.54%	-19.52%	11.71%	12.65%

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of yearend, all years are not available. Additional years will be added in the future as the information becomes available.

2018	2017	2016	2015	2014
$ 3,696,781	$ 3,635,681	$ 3,465,471	$ 3,177,007	$ 2,763,679
7,824,071	7,474,629	7,110,831	6,960,684	6,674,548
-	-	-		(4,591,077)
(987,632)	(366,786)	(292,389)	(1,294,146)	(710,026)
-	-	-	1,862,527	-
(5,874,410)	(5,327,389)	(4,624,192)	(5,261,823)	(4,432,593)
4,658,810	5,416,135	5,659,721	5,444,249	(295,469)
117,000,858	111,584,723	105,925,002	100,480,753	100,776,222
$ 121,659,668	$ 117,000,858	$ 111,584,723	$ 105,925,002	$ 100,480,753
$ 2,542,237	$ 2,483,717	$ 2,198,752	$ 2,208,445	$ 2,324,637
1,584,658	1,553,710	1,482,781	1,420,874	1,388,154
(3,462,817)	14,239,492	6,568,321	145,745	5,386,759
(5,874,655)	(5,327,389)	(4,624,192)	(5,261,823)	(4,432,593)
(66,931)	(73,795)	(74,183)	(88,773)	(56,242)
(3,498)	(3,740)	(3,997)	(4,385)	(4,624)
(5,281,006)	12,871,995	5,547,482	(1,579,917)	4,606,091
115,612,232	102,740,237	97,192,755	98,772,672	94,166,581
$ 110,331,226	$ 115,612,232	$ 102,740,237	$ 97,192,755	$ 98,772,672
11,328,442	1,388,626	8,844,486	8,732,247	1,708,081
90.69%	98.81%	92.07%	91.76%	98.30%
$ 22,637,970	$ 22,195,857	$ 21,182,583	$ 20,248,609	$ 19,817,910
50.04%	6.26%	41.75%	43.13%	8.62%

CITY OF DESOTO, TEXAS

SCHEDULE OF CITY CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Fiscal Year Ended September 30,	**2023**	**2022**	**2021**	**2020**
Actuarially determined contribution	$ 3,528,626	$ 3,233,955	$ 2,892,746	$ 2,656,236
Contributions in relation to the actuarially determined contribution	3,528,626	3,233,955	2,892,746	2,656,236
Contribution deficiency (excess)	-	-	-	-
Covered payroll	32,360,326	29,108,321	26,230,874	24,362,584
Contributions as a percentage of covered payroll	10.9%	11.1%	11.0%	10.9%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31st and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	23 years (longest amortization ladder)
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

2019	2018	2017	2016	2015	2014
$ 2,542,237	$ 2,547,550	$ 2,402,016	$ 2,278,194	$ 2,245,773	$ 2,332,905
2,542,237	2,547,550	2,402,016	2,278,194	2,245,773	2,332,905
-	-	-	-	-	-
23,845,895	22,704,936	21,840,500	21,674,821	20,202,038	19,678,012
10.7%	11.2%	11.0%	10.5%	11.1%	11.9%

CITY OF DESOTO, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Measurement Date December 31,	**2022**	**2021**	**2020**	**2019**
Total OPEB liability				
Service cost	$ 80,993	$ 76,919	$ 64,039	$ 50,580
Interest on total OPEB liability	29,909	30,616	34,779	36,682
Difference between expected and acutal experience	(33,418)	(35,278)	(26,082)	(11,795)
Changes in assumptions	(557,333)	51,423	207,152	203,697
Benefit payments	(31,819)	(30,218)	(10,246)	(9,634)
Net change in total OPEB liability	(511,668)	93,462	269,642	269,530
Total OPEB liability, beginning	1,600,888	1,507,426	1,237,784	968,254
Total OPEB liability, ending (a)	$ 1,089,220	$ 1,600,888	$ 1,507,426	$ 1,237,784
Covered-employee payroll	$ 28,926,345	$ 27,424,737	$ 25,612,477	$ 24,085,941
Total OPEB liability as a percentage of covered payroll	3.77%	5.84%	5.89%	5.14%

Note: GASB Statement No. 75 requires 10 years of data to be provided in this schedule. As of yearend, all years are not available. Additional years will be added in the future as the information becomes available.

Note: Changes in assumptions reflect changes in the discount rate.

Note: No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

2018	2017
$ 49,804	$ 44,392
33,400	32,369
(23,044)	-
(72,685)	80,007
(6,791)	(6,659)
(19,316)	150,109
987,570	837,461
$ 968,254	$ 987,570
$ 22,637,970	$ 22,704,936
4.28%	4.35%

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NONMAJOR GOVERNMENTAL FUNDS

The Special Revenue Funds are used to account for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Regional Jail - To account for restricted revenues and expenditures of the regional jail operation utilized by the cities of DeSoto and Lancaster. The facilities house arrested persons for a maximum of 72 hours.

Municipal Court Fund - To account for municipal court fees collected through the court to provide for various municipal court security features or to enhance existing operations through technology.

Police-Seized Assets Fund - Accounts for the revenue and expenditures related to the award of monies or property by the courts or federal government to the police department. The funds are expended for specified police department purposes.

Police Grants Fund - To account for grant funding received to support police operations.

Homeland Security Grant Fund - To account for grant funding received for homeland security purposes.

Hotel Occupancy Tax Fund - To account for tax revenue collected as a percentage of gross receipts for all hotel and motel temporary room rentals within the City. The funds are expended to promote tourism and culture in the City.

Health Facilities Development Corporation - Blended component unit whose purpose is to assist with the development of health care facilities for the maintenance of the public health in the City.

Housing Finance Corporation - Blended component unit whose purpose is to assist with the financing of residential developments in the City.

Industrial Development Authority, Inc. - Blended component unit whose purpose is to promote and develop commercial, industrial, manufacturing and medical research enterprises in the City.

Community Development Block Grant - To account for federal awards from the U.S. Department of Housing and Urban Development for community development.

Public Improvement District Fund – To account for the levy of special assessments and expenditures for improvements within the Danieldale Homestead PID.

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities.

Parks Capital Improvement Fund - To account for the purchase and improvement of the City’s parks. Financing is provided by general obligation bonds and contributions from developers.

Fire Station Bond Project Fund - These funds account for the constructing, improving and equipping fire-fighting facilities and equipping park and recreation facilities within the City. General obligation bonds provide the financing.

Public Facilities Capital Improvement Fund - This fund accounts account for the construction and improvement of various City facilities. Financing is provided by general obligation bonds, certificates of obligation and various contributions.

City Improvement Fund - These funds will assist with future economic growth and improvement projects in the City.

TIRZ Fund – This fund is used to account for resources used to finance costs associated with the Tax Increment Reinvestment Zone created to promote growth of the City.

CITY OF DESOTO, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Special Revenue Funds		
	Regional Jail	Municipal Court	Police Seized Assets
ASSETS			
Cash and investments	$ 648,811	$ 268,314	$ 164,849
Receivables, net:			
Taxes	-	-	-
Accounts	33,583	-	-
Due from other governments	-	-	-
Due from other funds	25,925	115	-
Prepaid items	-	-	3,003
Total assets	708,319	268,429	167,852
LIABILITIES			
Accounts payable	2,853	1,237	304
Accrued liabilities	51,818	3,021	-
Due to other funds	-	-	-
Unearned revenues	-	-	6,025
Total liabilities	54,671	4,258	6,329
DEFERRED INFLOWS OF RESOURCES			
Unavaliable revenue	-	-	-
Total deferred inflows of resources	-	-	-
FUND BALANCES			
Nonspendable - prepaid items	-	-	3,003
Restricted for:			
Public safety	653,648	264,171	-
Economic development	-	-	158,520
Capital projects	-	-	-
Committed:			
Public health	-	-	-
Development	-	-	-
Assigned:			
Capital projects	-	-	-
Total fund balances	653,648	264,171	161,523
Total liabilities and fund balances	$ 708,319	$ 268,429	$ 167,852

Special Revenue Funds						
Police Grants	Homeland Security Grant	Hotel Occupancy Tax	Health Facilities Development Corporation	Housing Finance Corporation	Industrial Development Authority
$ 58,822	$ -	$ 5,307,882	$ 19,991	$ 23,925	$ 31,687
-	-	177,719	-	-	-
-	-	14,876	-	500	-
-	150,148	-	-	-	-
-	-	-	-	57,455	-
-	-	-	-	-	-
58,822	150,148	5,500,477	19,991	81,880	31,687
808	-	100,431	-	900	-
111	-	-	-	-	-
-	81,795	-	-	-	-
-	-	100	-	-	-
919	81,795	100,531	-	900	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
57,903	-	-	-	-	-
-	-	5,399,946	-	-	-
-	-	-	-	-	-
-	68,353	-	19,991	-	-
-	-	-	-	80,980	31,687
-	-	-	-	-	-
57,903	68,353	5,399,946	19,991	80,980	31,687
$ 58,822	$ 150,148	$ 5,500,477	$ 19,991	$ 81,880	$ 31,687

CITY OF DESOTO, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Special Revenue Funds		
	Community Development Block Grant	Public Improvement District	Grant Fund
ASSETS			
Cash and investments	$ -	$ 64,884	$ -
Receivables, net:			
Taxes	-	-	-
Accounts	-	21,952	-
Due from other governments	279,474	-	361,647
Due from other funds	-	130,000	-
Prepaid items	-	-	-
Total assets	279,474	216,836	361,647
LIABILITIES			
Accounts payable	110,424	-	47,303
Accrued liabilities	-	-	5,918
Due to other funds	88,288	4,813	243,370
Unearned revenues	-	-	-
Total liabilities	198,712	4,813	296,591
DEFERRED INFLOWS OF RESOURCES			
Unavaliable revenue	-	21,952	-
Total deferred inflows of resources	-	21,952	-
FUND BALANCES			
Nonspendable - prepaid items	-	-	-
Restricted for:			
Public safety	-	-	65,056
Economic development	-	-	-
Capital projects	-	190,071	-
Committed:			
Public health	-	-	-
Development	80,762	-	-
Assigned:			
Capital projects	-	-	-
Total fund balances	80,762	190,071	65,056
Total liabilities and fund balances	$ 279,474	$ 216,836	$ 361,647

Capital Projects Funds					
Parks Capital Improvement	Public Facilities Capital Improvement	Fire Station Bond Project	City Improvement	TIRZ	Total Nonmajor Governmental Funds
$ 658	$ 8,522,231	$ 193,597	$ 4,232,468	$ 43,286	$ 19,581,405
-	-	-	-	-	177,719
-	-	-	-	-	70,911
-	-	-	-	-	791,269
-	-	-	-	-	213,495
-	-	-	-	-	3,003
658	8,522,231	193,597	4,232,468	43,286	20,837,802
-	448,458	-	-	850	713,568
-	-	-	-	-	60,868
-	-	-	-	-	418,266
-	-	-	-	-	6,125
-	448,458	-	-	850	1,198,827
-	-	-	-	-	21,952
-	-	-	-	-	21,952
-	-	-	-	-	3,003
-	-	-	-	-	1,040,778
-	-	-	-	-	5,558,466
658	1,948,516	-	-	-	2,139,245
-	-	-	-	-	88,344
-	-	-	-	-	193,429
-	6,125,257	193,597	4,232,468	42,436	10,593,758
658	8,073,773	193,597	4,232,468	42,436	19,617,023
$ 658	$ 8,522,231	$ 193,597	$ 4,232,468	$ 43,286	$ 20,837,802

CITY OF DESOTO, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds		
	Regional Jail	Municipal Court	Police Seized Assets
REVENUES			
Property taxes	$ -	$ -	$ -
Hotel occupancy tax	-	-	-
Property assessments	-	-	-
Fines and fees	-	45,309	-
Intergovernmental	1,300,246	-	56,129
Charges for services	22,546	-	-
Investment earnings	20,447	9,703	5,504
Miscellaneous	-	-	-
Total revenues	1,343,239	55,012	61,633
EXPENDITURES			
Current:			
General government	-	-	-
Public safety:			
Police	1,475,287	-	75,341
Fire	-	-	-
Development services	-	-	-
Municipal court	-	62,554	-
Capital outlay	-	-	-
Total expenditures	1,475,287	62,554	75,341
Excess (deficiency) of revenue over expenditures	(132,048)	(7,542)	(13,708)
OTHER FINANCING SOURCES (USES)			
Transfer in	-	40,000	-
Transfer out	(15,000)	(10,000)	-
Total other financing sources (uses)	(15,000)	30,000	-
NET CHANGE IN FUND BALANCES	(147,048)	22,458	(13,708)
FUND BALANCES - BEGINNING	800,696	241,713	175,231
FUND BALANCES - ENDING	$ 653,648	$ 264,171	$ 161,523

Special Revenue Funds					
Police Grants	Homeland Security Grant	Hotel Occupancy Tax	Health Facilities Development Corporation	Housing Finance Corporation	Industrial Development Authority
$ -	$ -	$ -	$ -	$ -	$ -
-	-	1,522,455	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	216,962	-	-	-	-
-	-	6,650	-	-	-
-	-	244,046	682	-	1,108
-	-	-	-	-	-
-	216,962	1,773,151	682	-	1,108
-	-	339,423	-	19,000	-
9,860	-	-	-	-	-
-	165,164	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,860	165,164	339,423	-	19,000	-
(9,860)	51,798	1,433,728	682	(19,000)	1,108
-	15,015	-	-	-	-
-	-	-	-	-	-
-	15,015	-	-	-	-
(9,860)	66,813	1,433,728	682	(19,000)	1,108
67,763	1,540	3,966,218	19,309	99,980	30,579
$ 57,903	$ 68,353	$ 5,399,946	$ 19,991	$ 80,980	$ 31,687

CITY OF DESOTO, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds		
	Community Development Block Grant	Public Improvement District	Grant Fund
REVENUES			
Property taxes	$ -	$ -	$ -
Hotel occupancy tax	-	-	-
Property assessments	-	495,174	-
Fines and fees	-	-	-
Intergovernmental	875,307	-	544,331
Charges for services	-	-	-
Investment earnings	218	-	-
Miscellaneous	-	-	-
Total revenues	875,525	495,174	544,331
EXPENDITURES			
Current:			
General government	-	351,810	-
Public safety:			
Police	-	-	727,806
Fire	-	-	-
Development services	794,763	-	-
Municipal court	-	-	-
Capital outlay	-	-	-
Total expenditures	794,763	351,810	727,806
Excess (deficiency) of revenue over expenditures	80,762	143,364	(183,475)
OTHER FINANCING SOURCES (USES)			
Transfer in	-	-	-
Transfer out	-	-	-
Total other financing sources (uses)	-	-	-
NET CHANGE IN FUND BALANCES	80,762	143,364	(183,475)
FUND BALANCES - BEGINNING	-	46,707	248,531
FUND BALANCES - ENDING	$ 80,762	$ 190,071	$ 65,056

Capital Projects Funds					
Parks Capital Improvement	Public Facilities Capital Improvement	Fire Station Bond Project	City Improvement	TIRZ	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ 66,875	$ 66,875
-	-	-	-	-	1,522,455
-	-	-	-	-	495,174
-	-	-	-	-	45,309
-	-	-	-	-	2,992,975
-	-	-	-	-	29,196
18	232,859	78,559	207,232	-	800,376
-	18,896	-	-	-	18,896
18	251,755	78,559	207,232	66,875	5,971,256
-	-	-	-	24,439	734,672
-	-	-	-	-	2,288,294
-	-	-	-	-	165,164
-	-	-	-	-	794,763
-	-	-	-	-	62,554
-	864,189	-	-	-	864,189
-	864,189	-	-	24,439	4,909,636
18	(612,434)	78,559	207,232	42,436	1,061,620
-	-	-	-	-	55,015
-	-	-	(1,155,407)	-	(1,180,407)
-	-	-	(1,155,407)	-	(1,125,392)
18	(612,434)	78,559	(948,175)	42,436	(63,772)
640	8,686,207	115,038	5,180,643	-	19,680,795
$ 658	$ 8,073,773	$ 193,597	$ 4,232,468	$ 42,436	$ 19,617,023

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 9,080,605	$ 9,080,605	$ 9,244,538	$ 163,933
Intergovernmental	358,407	358,407	70,150	(288,257)
Investment earnings	10,000	10,000	308,491	298,491
Total revenue	9,449,012	9,449,012	9,623,179	174,167
EXPENDITURES				
Debt service:				
Principal	6,519,577	6,519,577	6,885,181	(365,604)
Interest and other	2,567,177	2,567,177	2,850,865	(283,688)
Total expenditures	9,086,754	9,086,754	9,736,046	(649,292)
Excess (deficiency) of revenues over expenditures	362,258	362,258	(112,867)	(475,125)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,080,664	1,080,664	205,664	(875,000)
Total other financing sources (uses)	1,080,664	1,080,664	205,664	(875,000)
NET CHANGE IN FUND BALANCE	1,442,922	1,442,922	92,797	(1,350,125)
FUND BALANCE - BEGINNING	4,290,145	4,290,145	4,290,145	-
FUND BALANCE - ENDING	$ 5,733,067	$ 5,733,067	$ 4,382,942	$ (1,350,125)

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
REGIONAL JAIL FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 1,405,000	$ 1,405,000	$ 1,300,246	$ (104,754)
Charges for services	28,800	28,800	22,546	(6,254)
Investment earnings	3,000	3,000	20,447	17,447
Miscellaneous	600	600	-	(600)
Total revenues	1,437,400	1,437,400	1,343,239	(94,161)
EXPENDITURES				
Current:				
Public safety:				
Police	1,717,901	1,717,901	1,475,287	242,614
Total expenditures	1,717,901	1,717,901	1,475,287	242,614
Excess (deficiency) of revenues over expenditures	(280,501)	(280,501)	(132,048)	148,453
OTHER FINANCING SOURCES (USES)				
Transfers out	(15,000)	(15,000)	(15,000)	-
Total other financing sources (uses)	(15,000)	(15,000)	(15,000)	-
NET CHANGE IN FUND BALANCE	(295,501)	(295,501)	(147,048)	148,453
FUND BALANCE - BEGINNING	800,696	800,696	800,696	-
FUND BALANCE - ENDING	$ 505,195	$ 505,195	$ 653,648	$ 148,453

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MUNICIPAL COURT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	$ 40,500	$ 40,500	$ 45,309	$ 4,809
Investment earnings	400	400	9,703	9,303
Total revenues	40,900	40,900	55,012	14,112
EXPENDITURES				
Current:				
Public safety-police:				
Municipal court	101,436	101,436	62,554	38,882
Capital outlay	54,000	54,000	-	54,000
Total expenditures	155,436	155,436	62,554	92,882
Excess (deficiency) of revenues over expenditures	(114,536)	(114,536)	(7,542)	106,994
OTHER FINANCING SOURCES (USES)				
Transfers in	40,000	40,000	40,000	-
Transfers out	(10,000)	(10,000)	(10,000)	-
Total other financing sources (uses)	30,000	30,000	30,000	-
NET CHANGE IN FUND BALANCE	(84,536)	(84,536)	22,458	106,994
FUND BALANCE - BEGINNING	241,713	241,713	241,713	-
FUND BALANCE - ENDING	$ 157,177	$ 157,177	$ 264,171	$ 106,994

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
POLICE SEIZED ASSETS FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 59,000	$ 59,000	$ 56,129	$ (2,871)
Investment earnings	350	350	5,504	5,154
Miscellaneous	-	-	-	-
Total revenues	59,350	59,350	61,633	2,283
EXPENDITURES				
Current:				
Public safety:				
Police	48,700	41,200	75,341	(34,141)
Total expenditures	48,700	41,200	75,341	(34,141)
NET CHANGE IN FUND BALANCE	10,650	18,150	(13,708)	36,424
FUND BALANCE - BEGINNING	175,231	175,231	175,231	-
FUND BALANCE - ENDING	$ 185,881	$ 193,381	$ 161,523	$ (31,858)

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
POLICE GRANTS FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 78,019	$ 78,019	$ -	$ (78,019)
Total revenues	78,019	78,019	-	(78,019)
EXPENDITURES				
Current:				
Public safety:				
Police	10,589	10,589	9,860	729
Total expenditures	10,589	10,589	9,860	729
Excess (deficiency) of revenues over expenditures	67,430	67,430	(9,860)	(77,290)
OTHER FINANCING SOURCES (USES)				
Transfers in	5,460	5,460	-	(5,460)
Total other financing sources (uses)	5,460	5,460	-	(5,460)
NET CHANGE IN FUND BALANCE	72,890	72,890	(9,860)	(82,750)
FUND BALANCE - BEGINNING	67,763	67,763	67,763	-
FUND BALANCE - ENDING	$ 140,653	$ 140,653	$ 57,903	$ (82,750)

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
HEALTH FACILITIES DEVELOPMENT CORPORATION FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 200	$ 200	$ 682	$ 482
Total revenues	200	200	682	482
NET CHANGE IN FUND BALANCE	200	200	682	482
FUND BALANCE - BEGINNING	19,309	19,309	19,309	-
FUND BALANCE - ENDING	$ 19,509	$ 19,509	$ 19,991	$ 482

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
HOTEL OCCUPANCY TAX FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Hotel occupancy tax	$ 1,000,000	$ 1,000,000	$ 1,522,455	$ 522,455
Charges for services	-	-	6,650	6,650
Investment earnings	5,000	5,000	244,046	239,046
Total revenues	1,005,000	1,005,000	1,773,151	768,151
EXPENDITURES				
Current:				
General government	878,100	878,100	339,423	538,677
Total expenditures	878,100	878,100	339,423	538,677
NET CHANGE IN FUND BALANCE	126,900	126,900	1,433,728	1,306,828
FUND BALANCE - BEGINNING	3,966,218	3,966,218	3,966,218	-
FUND BALANCE - ENDING	$ 4,093,118	$ 4,093,118	$ 5,399,946	$ 1,306,828

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
HOUSING FINANCE CORPORATION FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 750	$ 750	$ -	$ (750)
Total revenues	750	750	-	(750)
EXPENDITURES				
Current:				
General government	20,000	20,000	19,000	1,000
Total expenditures	20,000	20,000	19,000	1,000
NET CHANGE IN FUND BALANCE	(19,250)	(19,250)	(19,000)	250
FUND BALANCE - BEGINNING	99,980	99,980	99,980	-
FUND BALANCE - ENDING	$ 80,730	$ 80,730	$ 80,980	$ 250

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
INDUSTRIAL DEVELOPMENT AUTHORITY FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 350	$ 350	$ 1,108	$ 758
Total revenues	350	350	1,108	758
EXPENDITURES				
Current:				
General government	250	250	-	250
Total expenditures	250	250	-	250
NET CHANGE IN FUND BALANCE	100	100	1,108	1,008
FUND BALANCE - BEGINNING	30,579	30,579	30,579	-
FUND BALANCE - ENDING	$ 30,679	$ 30,679	$ 31,687	$ 1,008

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 806,642	$ 806,642	$ 875,307	$ 68,665
Investment earnings	100	100	218	118
Total revenues	806,742	806,742	875,525	68,783
EXPENDITURES				
Current:				
Development services	519,587	519,587	794,763	(275,176)
Capital outlay	287,055	287,055	-	287,055
Total expenditures	806,642	806,642	794,763	11,879
NET CHANGE IN FUND BALANCE	100	100	80,762	80,662
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	$ 100	$ 100	$ 80,762	$ 80,662

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PARKS CAPITAL IMPROVEMENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 300	$ 300	$ 18	$ (282)
Miscellaneous	10,000	10,000	-	(10,000)
Total revenues	10,300	10,300	18	(10,282)
EXPENDITURES				
Current:				
Parks and recreation	10,000	10,000	-	10,000
Total expenditures	10,000	10,000	-	10,000
Excess (deficiency) of revenues over expenditures	300	300	18	(282)
NET CHANGE IN FUND BALANCE	300	300	18	(282)
FUND BALANCE - BEGINNING	640	640	640	-
FUND BALANCE - ENDING	$ 940	$ 940	$ 658	$ (282)

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
STREET IMPROVEMENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 20,600	$ 20,600	$ 1,235,765	$ 1,215,165
Impact fees	-	-	1,231,102	1,231,102
Total revenues	20,600	20,600	2,466,867	2,446,267
EXPENDITURES				
Current:				
Development services	-	51,160	51,175	(15)
Debt service:				
Interest and other	50,000	50,000	-	50,000
Capital outlay	17,954,689	44,056,720	8,597,883	35,458,837
Total expenditures	18,004,689	44,157,880	8,649,058	35,508,822
Excess (deficiency) of revenues over expenditures	(17,984,089)	(44,137,280)	(6,182,191)	37,955,089
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	3,500,000	3,500,000	-	(3,500,000)
Transfers in	704,689	704,689	2,004,689	1,300,000
Total other financing sources (uses)	4,204,689	4,204,689	2,004,689	(2,200,000)
NET CHANGE IN FUND BALANCE	(13,779,400)	(39,932,591)	(4,177,502)	35,755,089
FUND BALANCE - BEGINNING	25,857,014	25,857,014	25,857,014	-
FUND BALANCE - ENDING	$ 12,077,614	$ (14,075,577)	$ 21,679,512	$ 35,755,089

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PUBLIC FACILITIES CAPITAL IMPROVEMENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 500	$ 500	$ 232,859	$ 232,359
Investment earnings	-	-	18,896	18,896
Total revenues	500	500	251,755	251,255
EXPENDITURES				
Current:				
General government	20,000	20,000	-	20,000
Debt Service:				
Bond issuance cost	-	-	-	-
Capital outlay	5,764,771	1,950,000	864,189	1,085,811
Total expenditures	5,784,771	1,970,000	864,189	1,105,811
NET CHANGE IN FUND BALANCE	(5,784,271)	(1,969,500)	(612,434)	1,357,066
FUND BALANCE - BEGINNING	8,686,207	8,686,207	8,686,207	-
FUND BALANCE - ENDING	$ 2,901,936	$ 6,716,707	$ 8,073,773	$ 1,357,066

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FIRE STATION BOND PROJECT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ -	$ -	$ 78,559	$ 78,559
Total revenues	-	-	78,559	78,559
NET CHANGE IN FUND BALANCE	-	-	78,559	78,559
FUND BALANCE - BEGINNING	115,038	115,038	115,038	-
FUND BALANCE - ENDING	$ 115,038	$ 115,038	$ 193,597	$ 78,559

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PARK IMPROVEMENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ -	$ -	$ 369,143	$ 369,143
Total revenues	-	-	369,143	369,143
EXPENDITURES				
Capital outlay	10,003,557	6,750,000	2,667,241	4,082,759
Total expenditures	10,003,557	6,750,000	2,667,241	4,082,759
NET CHANGE IN FUND BALANCE	(10,003,557)	(6,750,000)	(2,298,098)	4,451,902
FUND BALANCE - BEGINNING	7,071,380	7,071,380	7,071,380	-
FUND BALANCE - ENDING	$ (2,932,177)	$ 321,380	$ 4,773,282	$ 4,451,902

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CITY IMPROVEMENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 1,000	$ 1,000	$ 207,232	$ 206,232
Total revenues	1,000	1,000	207,232	206,232
OTHER FINANCING SOURCES (USES)				
Transfer out	(1,155,407)	-	(1,155,407)	(1,155,407)
Total other financing sources (uses)	(1,155,407)	-	(1,155,407)	(1,155,407)
NET CHANGE IN FUND BALANCE	(1,154,407)	1,000	(948,175)	(949,175)
FUND BALANCE - BEGINNING	5,180,643	5,180,643	5,180,643	-
FUND BALANCE - ENDING	$ 4,026,236	$ 5,181,643	$ 4,232,468	$ (949,175)

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DISCRETELY PRESENTED COMPONENT UNITS
FUND FINANCIAL STATEMENTS

CITY OF DESOTO, TEXAS

BALANCE SHEET - DISCRETELY PRESENTED COMPONENT UNIT

SEPTEMBER 30, 2023

	DeSoto Development Corporation
ASSETS	
Cash and investments	$ 11,350,088
Taxes receivable	687,566
Leases receivable	109,800
Notes receivable	4,089
Total assets	12,151,543
LIABILITIES	
Accounts payable	355,148
Accrued liabilities	22,104
Security deposits	20,804
Due to primary government	429,804
Total liabilities	827,860
DEFERRED INFLOWS OF RESOURCES	
Related to leases	275,831
Total liabilities	275,831
FUND BALANCES	
Restricted for:	
Parks and park facilities	2,196,770
Economic development	8,851,082
Total fund balances	11,047,852
Total liabilities, deferred inflows of resources, and fund balances	$ 12,151,543

CITY OF DESOTO, TEXAS

RECONCILIATION OF THE DISCRETELY PRESENTED COMPONENT UNIT
BALANCE SHEET TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	DeSoto Development Corporation
Total Fund Balances - Component Unit	$ 11,047,852
Amounts reported for the component unit in the statement of net position are different because:	
Capital assets are used in the component unit are not current financial resources and therefore are not reported in this fund financial statement. These consist of:	
Land	11,250
Improvements other than buildings, net	1,664,756
Right to use - building, net	278,203
Unavailable revenues in the component unit fund statements is recognized as revenue in the government-wide financial statements.	275,831
Some debt related deferred outflows of resources and liabilities do not represent current resources or are not due and payable in the current period and are not included in the fund financial statements. These balances consist of:	
Leases	(316,458)
Compensated absences	(29,760)
Net Position of Component Unit	$ 12,931,674

CITY OF DESOTO, TEXAS

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNIT

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	DeSoto Development Corporation
REVENUES	
Sales tax	$ 3,708,437
Investment earnings	330,179
Rent	283,274
Total revenues	4,321,890
EXPENDITURES	
Current:	
Economic development	1,925,736
Total expenditures	1,925,736
NET CHANGE IN FUND BALANCE	2,396,154
FUND BALANCE - BEGINNING	8,651,698
FUND BALANCE - ENDING	$ 11,047,852

CITY OF DESOTO, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF DISCRETELY PRESENTED COMPONENT UNIT TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	DeSoto Development Corporation
Net Change in Fund Balances - Component Unit	$ 2,396,154
Amounts reported for the component unit in the statement of activities are are different because:	
The component unit reports bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. The component unit fund reports repayment of bond principal as an expenditures. In contrast, the Statement of Net Position shows this as a reduction of long-term liabilities.	
Repayment of principal on long-term debt	89,393
Component unit funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	275,831
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.	
Depreciation	(85,601)
Compensated absences	(6,784)
Changes in Net Position of Component Unit	$ 2,668,993

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STATISTICAL SECTION
(Unaudited)

This part of the City of DeSoto's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents Pages

Financial Trends 91 - 100

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity 101 - 107

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity 108 - 113

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information 114 - 118

This schedule offers demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information 119 - 122

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF DESOTO, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	$ 79,821,001	$ 75,008,168	$ 75,388,877	$ 75,324,298
Restricted	6,171,884	6,848,661	7,145,838	7,114,045
Unrestricted	11,361,795	21,092,761	24,359,405	28,502,199
Total governmental activities net position	$ 97,354,680	$ 102,949,590	$ 106,894,120	$ 110,940,542
Business-type activities				
Net investment in capital assets	$ 53,034,176	$ 52,019,447	$ 52,278,918	$ 48,359,679
Restricted	-	-	-	-
Unrestricted	14,439,474	15,159,256	14,882,299	18,440,994
Total business-type activities net position	$ 67,473,650	$ 67,178,703	$ 67,161,217	$ 66,800,673
Primary government				
Net investment in capital assets	$ 132,855,177	$ 127,099,615	$ 127,667,795	$ 123,683,977
Restricted	6,171,884	6,848,661	7,145,838	7,114,045
Unrestricted	25,801,269	36,252,017	39,241,704	46,943,193
Total primary government net position	$ 164,828,330	$ 170,200,293	$ 174,055,337	$ 177,741,215

TABLE 1

Fiscal Year					
2018	2019	2020	2021	2022	2023
$ 80,033,283	$ 99,237,824	$ 103,973,012	$ 87,215,789	$ 86,212,053	$ 98,830,387
7,593,680	7,872,714	8,541,615	9,205,940	9,609,542	10,917,325
27,706,164	15,348,727	18,860,369	45,451,902	55,379,115	48,810,513
$ 115,333,127	$ 122,459,265	$ 131,374,996	$ 141,873,631	$ 151,200,710	$ 158,558,225
$ 48,169,097	$ 48,890,037	$ 50,092,001	$ 40,771,402	$ 39,631,250	$ 36,264,869
-	-	-	-	36,799	697,958
19,377,215	18,250,922	18,730,823	29,549,241	34,939,647	37,911,615
$ 67,546,312	$ 67,140,959	$ 68,822,824	$ 70,320,643	$ 74,607,696	$ 74,874,442
$ 128,202,380	$ 148,127,861	$ 154,065,013	$ 127,987,191	$ 125,843,303	$ 135,095,256
7,593,680	7,872,714	8,541,615	9,205,940	9,646,341	11,615,283
47,083,379	33,599,649	37,591,192	75,001,143	90,318,762	86,722,128
$ 182,879,439	$ 189,600,224	$ 200,197,820	$ 212,194,274	$ 225,808,406	$ 233,432,667

CITY OF DESOTO, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental activities:				
General government	$ 3,689,262	$ 4,472,030	$ 6,116,384	$ 3,683,213
Public safety	18,322,046	15,633,862	19,523,630	20,858,244
Development services	9,201,069	8,860,259	9,599,031	9,785,883
Financial services	397,475	215,738	461,984	547,209
Municipal court	541,705	496,540	574,850	664,332
Information technology	428,672	521,186	767,304	1,032,524
Human resources	290,303	253,336	390,706	420,891
Parks and recreation services	3,683,337	3,623,576	3,994,107	4,402,453
Library services	919,596	776,904	1,017,369	1,055,252
Interest and other fees	2,453,548	2,807,023	2,352,141	3,138,147
Total governmental activities expenses	39,927,013	37,660,454	44,797,506	45,588,148
Business-type activities:				
Water and wastewater	15,982,382	16,049,932	17,589,431	19,002,233
Drainage	1,594,527	1,155,389	1,232,946	1,220,638
Sanitation	3,795,723	3,843,039	4,035,409	4,316,881
Total business-type activities expenses	21,372,632	21,048,360	22,857,786	24,539,752
Total primary government expenses	$ 61,299,645	$ 58,708,814	$ 67,655,292	$ 70,127,900
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 332,066	$ 452,770	$ 466,958	$ 459,447
Public safety	4,225,010	4,564,521	4,193,774	4,053,992
Development services	1,260,957	1,319,083	1,268,385	1,407,041
Municipal Court	-	-	-	-
Parks and recreation services	749,215	750,124	721,131	698,496
Library services	59,149	44,048	39,301	36,963
Operating grants and contributions	964,431	1,228,969	1,084,583	1,148,587
Capital grants and contributions	1,787	1,787	250,000	250,000
Total governmental activities program revenues	7,592,615	8,361,302	8,024,132	8,054,526
Business-type activities:				
Charges for services:				
Water and wastewater	16,583,747	17,849,524	19,286,512	20,322,951
Drainage	1,483,893	1,501,251	1,530,199	1,545,804
Sanitation	3,954,851	4,003,031	4,111,474	4,259,301
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	22,022,491	23,353,806	24,928,185	26,128,056
Total primary government program revenues	$ 29,615,106	$ 31,715,108	$ 32,952,317	$ 34,182,582

TABLE 2

Fiscal Year					
2018	2019	2020	2021	2022	2023
$ 5,049,294	$ 4,048,074	$ 4,525,262	$ 6,227,571	$ 8,218,063	$ 5,635,840
19,970,864	21,051,755	22,029,242	22,197,316	22,404,766	29,593,314
10,626,406	9,707,942	10,465,668	10,976,898	12,503,127	15,008,241
553,589	1,292,733	1,013,731	1,202,478	1,317,470	2,463,938
654,228	778,528	719,132	636,299	722,188	1,439,864
1,183,645	1,677,972	1,667,007	1,651,885	2,053,549	2,845,173
543,970	698,423	738,480	625,500	723,760	962,097
4,374,426	4,717,832	4,483,537	4,438,460	5,835,580	6,366,092
1,046,804	1,348,581	1,306,404	1,269,782	1,243,069	1,515,818
1,797,897	1,805,323	1,600,395	2,063,663	2,119,966	2,082,307
45,801,123	47,127,163	48,548,858	51,289,852	57,141,538	67,912,684
19,439,621	22,201,294	20,549,788	21,336,958	22,148,387	26,381,843
1,187,471	1,269,645	1,262,423	1,109,933	1,051,285	1,222,775
4,522,062	4,810,022	5,460,931	5,743,939	6,111,226	6,211,535
25,149,154	28,280,961	27,273,142	28,190,830	29,310,898	33,816,153
$ 70,950,277	$ 75,408,124	$ 75,822,000	$ 79,480,682	$ 86,452,436	$ 101,728,837
$ 454,807	$ 685,093	$ 529,347	$ 427,529	$ 628,708	$ 339,649
3,942,371	4,304,001	3,931,717	3,394,644	3,962,631	4,003,712
1,395,670	1,090,269	1,496,317	1,979,590	1,592,808	2,474,003
-	-	167,278	96,017	8,827	21,659
740,252	885,912	619,574	402,820	661,715	928,157
36,095	34,615	20,369	20,855	18,138	21,220
1,009,861	1,260,717	2,047,972	3,223,484	4,484,116	3,458,994
150,000	-	-	-	-	-
7,729,056	8,260,607	8,812,574	9,544,939	11,356,943	11,247,394
21,971,318	23,591,911	24,360,415	24,629,050	28,329,229	25,772,757
1,552,846	1,563,225	1,563,672	1,604,123	1,590,033	1,614,364
4,345,350	4,397,161	4,663,367	5,468,707	5,925,913	6,540,069
-	-	-	-	36,799	858,654
27,869,514	29,552,297	30,587,454	31,701,880	35,881,974	34,785,844
$ 35,598,570	$ 37,812,904	$ 39,400,028	$ 41,246,819	$ 47,238,917	$ 46,033,238

CITY OF DESOTO, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2014	2015	2016	2017
Program Revenues				
Net (expense) revenue:				
Governmental activities	$ (32,334,398)	$ (29,299,152)	$ (36,773,374)	$ (37,533,622)
Business-type activities	649,859	2,305,446	2,070,399	1,588,304
Total primary government net (expense) revenue	$ (31,684,539)	$ (26,993,706)	$ (34,702,975)	$ (35,945,318)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	$ 21,730,242	$ 22,332,142	$ 24,570,117	$ 25,082,533
Special assessments	-	-	-	-
Sales taxes	6,548,886	8,865,087	8,838,202	7,628,513
Franchise and other taxes	3,024,987	3,177,165	3,067,237	3,017,636
Hotel occupancy	790,657	840,967	959,888	903,183
Unrestricted investment earnings	61,157	120,644	192,921	302,375
Miscellaneous	956,711	794,451	822,302	2,521,996
Transfers	2,123,536	2,266,818	2,267,237	2,123,808
Total governmental activities	35,236,176	38,397,274	40,717,904	41,580,044
Business-type activities:				
Interest and investment earnings	73,888	99,713	107,352	111,460
Miscellaneous	-	-	-	63,500
Transfers	(2,123,536)	(2,266,818)	(2,267,237)	(2,123,808)
Total business-type activities	(2,049,648)	(2,167,105)	(2,159,885)	(1,948,848)
Total primary government	33,186,528	36,230,169	38,558,019	39,631,196
Change in Net Position				
Governmental activities	2,901,778	9,098,122	3,944,530	4,046,422
Business-type activities	(1,399,789)	138,341	(89,486)	(360,544)
Total primary government	$ 1,501,989	$ 9,236,463	$ 3,855,044	$ 3,685,878

Source: City financial statements

TABLE 2

Fiscal Year					
2018	2019	2020	2021	2022	2023
$ (38,072,067)	$ (38,866,556)	$ (39,736,284)	$ (41,744,913)	$ (45,784,595)	$ (56,665,290)
2,720,360	1,271,336	3,314,312	3,511,050	6,571,076	969,691
$ 37,595,220	$ (37,595,220)	$ (36,421,972)	$ (38,233,863)	$ (39,213,519)	$ (55,695,599)
$ 27,172,987	$ 29,506,876	$ 31,596,309	$ 34,406,476	$ 37,124,923	$ 40,315,883
-	-	-	-	516,740	495,174
8,293,142	8,474,803	9,614,011	10,523,359	9,741,103	11,210,780
3,230,330	3,063,055	2,762,423	2,826,229	3,099,314	2,978,370
1,057,307	1,041,614	944,971	1,065,522	1,387,757	1,415,525
647,466	950,107	1,023,121	611,253	489,056	4,428,903
713,774	832,431	586,382	685,901	269,473	648,362
2,123,808	2,123,808	2,124,808	2,124,808	2,483,308	2,529,808
43,238,814	45,992,694	48,652,025	52,243,548	55,111,674	64,022,805
207,387	447,119	492,361	111,577	199,285	1,807,968
-	-	-	-	-	18,895
(2,123,808)	(2,123,808)	(2,124,808)	(2,124,808)	(2,483,308)	(2,529,808)
(1,916,421)	(1,676,689)	(1,632,447)	(2,013,231)	(2,284,023)	(702,945)
41,322,393	44,316,005	47,019,578	50,230,317	52,827,651	63,319,860
5,166,747	7,126,138	8,915,741	10,498,635	9,327,079	7,357,515
803,939	(405,353)	1,681,865	1,497,819	4,287,053	266,746
$ 5,970,686	$ 6,720,785	$ 10,597,606	$ 11,996,454	$ 13,614,132	$ 7,624,261

CITY OF DESOTO, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2014	2015	2016	2017
General fund:				
Nonspendable:				
Inventories	$ 42,754	$ 42,754	$ 32,561	$ 39,087
Prepaid items	-	-	-	1,000
Assigned:				
Future healthcare costs	-	-	-	-
Economic development	-	-	-	-
Subsequent year's budget	-	-	-	-
Unassigned	13,395,310	18,868,052	20,923,754	23,655,407
Total General Fund	13,438,064	18,910,806	20,956,315	23,695,494
All Other Governmental Funds:				
Nonspendable				
Note Receivable	57,003	-	438	-
Prepaid items	-	-	-	-
Restricted:				
Debt Service	2,532,070	2,829,319	3,194,715	3,641,392
Street Improvements	2,592,811	3,971,537	4,161,565	7,540,075
Public safety	922,879	1,275,472	1,038,550	1,040,401
Economic Development	1,034,694	1,339,552	1,628,378	1,426,591
Capital projects	-	-	-	-
Committed:				
Public Health	18,370	18,387	18,435	20,076
Development activities	258,979	240,997	226,523	212,297
Assigned:				
Street Improvements	-	-	-	-
Capital projects	246,994	3,860,287	5,867,799	8,799,902
Total Other Governmental Funds	7,663,800	13,535,551	16,136,403	22,680,734
Total Fund Balances of Governmental Funds	$ 21,101,864	$ 32,446,357	$ 37,092,718	$ 46,376,228

Source: Balance Sheets - Governmental Funds in City's ACFRs.

2018	2019	2020	2021	2022	2023
$ 48,487	$ 55,378	$ 54,518	$ 124,364	$ 143,832	$ 30,177
-	-	-	-	-	-
440,000	440,000	440,000	440,000	440,000	440,000
-	-	-	-	1,236,365	-
-	-	1,170,690	873,878	440,401	-
24,369,385	27,904,582	31,574,216	39,072,693	38,025,935	40,896,418
24,857,872	28,399,960	33,239,424	40,510,935	40,286,533	41,366,595
-	-	-	-	-	-
-	-	-	3,003	3,003	3,003
4,031,605	4,591,081	4,737,443	5,059,896	4,290,145	4,382,942
7,042,971	7,805,773	4,860,992	11,006,470	19,015,199	19,275,350
1,194,604	771,743	905,589	1,063,281	1,358,703	1,040,778
1,526,246	2,022,673	2,415,719	3,108,250	4,138,446	5,558,466
-	4,513,258	2,336,363	10,165,282	8,404,376	5,921,267
20,292	2,617	20,745	20,752	20,849	88,344
193,404	169,762	240,591	153,169	130,559	193,429
-	1,987,673	3,010,465	4,244,387	6,841,815	2,404,162
-	6,031,101	8,204,077	7,452,982	12,696,239	11,667,768
14,009,122	27,913,681	26,731,984	42,277,472	56,899,334	50,535,509
$ 38,866,994	$ 56,313,641	$ 59,971,408	$ 82,788,407	$ 97,185,867	$ 91,902,104

CITY OF DESOTO, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2014	2015	2016	2017
Revenues				
Taxes				
Property taxes	$ 21,709,933	$ 22,519,005	$ 23,525,948	$ 25,139,231
Sales taxes	6,548,886	7,721,468	7,434,323	7,671,052
Franchise fees and others	3,024,987	3,138,343	3,023,812	2,975,097
Hotel occupancy	790,657	840,967	959,888	903,183
Property assessments	-	-	-	-
Fines and forfeitures	1,520,772	1,651,605	1,425,402	1,381,768
Licenses and permits	1,248,422	1,301,283	1,280,155	1,407,041
Intergovernmental	2,261,079	2,395,890	2,966,622	3,592,705
Charges for services	2,283,407	2,621,251	2,330,713	2,482,584
Investment earnings	61,157	120,644	192,921	302,375
Recreation services	731,655	731,396	704,626	683,748
Impact fees	-	-	-	-
Miscellaneous	781,805	327,420	407,518	554,115
Total Revenues	40,962,760	43,369,272	44,251,928	47,092,899
Expenditures				
Current:				
General government	1,260,101	1,234,143	1,495,396	1,462,675
Public safety	16,493,144	16,873,317	17,471,592	18,371,592
Development services	6,077,682	4,935,865	4,768,473	4,984,007
Financial services	330,271	330,494	394,729	455,303
Municipal court	525,049	584,523	553,850	630,332
Information technology	402,041	474,937	621,493	878,203
Human resources	288,934	329,166	373,022	392,306
Parks and recreation	2,882,472	3,130,647	3,205,034	3,463,275
Library services	896,324	886,474	1,086,062	1,112,442
Non-departmental	3,084,050	2,922,910	2,473,767	2,533,268
Debt service:				
Principal	4,630,076	4,866,302	5,117,121	12,803,125
Interest and fiscal charges	2,643,073	2,587,579	2,748,066	2,526,036
Capital outlay	3,140,232	2,353,421	4,910,606	5,982,739
Total Expenditures	42,653,449	41,509,778	45,219,211	55,595,303
Excess of revenues over (under) expenditures	(1,690,689)	1,859,494	(967,283)	(8,502,404)
Other Financing Sources (Uses)				
Issuance long-term debt	75,000	6,718,947	10,023,977	21,583,025
Premium from bond issuance	-	-	-	-
Other sources	36,185	500,739	62,847	1,054,486
Payment to refund escrow agent	-	-	(6,742,097)	(6,975,233)
Transfer in	3,665,104	2,982,684	4,503,599	5,131,533
Transfer out	(1,541,568)	(715,866)	(2,236,362)	(3,007,725)
Net other financing sources (uses)	2,234,721	9,486,504	5,611,964	17,786,086
Net change in fund balances	$ 544,032	$ 11,345,998	$ 4,644,681	$ 9,283,682
Debt service as a percentage of noncapital expenditures	19.2%	18.7%	18.5%	30.9%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balance for Governmental Funds.

2018	2019	2020	2021	2022	2023
$ 27,117,831	$ 29,846,532	$ 31,827,759	$ 34,455,440	$ 36,819,678	$ 40,767,063
8,334,059	8,474,803	9,614,011	10,523,359	9,741,103	11,210,780
3,189,413	3,063,055	2,762,423	2,826,229	3,099,314	2,978,370
1,057,307	985,335	894,320	1,065,522	1,387,757	1,522,455
-	-	-	500,598	516,740	495,174
1,516,509	1,299,390	1,097,047	986,587	932,144	910,600
1,395,670	1,090,269	1,496,317	1,443,363	1,540,833	1,245,719
2,598,124	3,007,592	3,543,522	4,778,484	5,754,116	4,704,240
2,116,107	2,478,087	2,386,381	1,790,455	2,572,937	2,492,300
647,466	950,107	1,023,121	611,253	489,056	4,428,903
723,686	675,259	308,308	393,522	653,383	914,534
-	-	-	-	62,834	1,231,102
577,728	460,056	586,382	304,351	269,473	648,362
49,273,900	52,330,485	55,539,591	59,679,163	63,839,368	73,549,602
1,609,394	3,561,331	4,075,592	5,742,889	8,093,360	5,203,684
18,281,537	18,972,443	20,168,011	21,607,172	22,523,923	28,540,166
4,807,031	4,768,678	5,322,335	5,930,499	6,145,910	9,138,242
508,146	1,219,243	968,037	1,193,453	1,361,452	1,623,891
640,028	716,724	692,443	658,110	765,237	895,349
1,053,838	1,517,262	1,511,155	1,553,672	1,949,690	2,267,259
533,957	667,485	715,869	641,503	758,270	903,224
3,490,816	3,701,599	3,449,045	3,538,819	4,711,683	5,215,789
1,128,874	1,269,195	1,246,043	1,257,768	1,271,686	1,437,844
3,887,533	-	-	-	-	-
5,644,653	5,465,847	5,366,709	5,596,051	5,815,564	7,280,334
2,337,157	2,231,028	2,209,350	2,650,197	2,641,656	2,856,893
7,370,715	9,663,995	8,367,123	8,120,293	16,831,910	16,182,716
51,293,679	53,754,830	54,091,712	58,490,426	72,870,341	81,545,391
(2,019,779)	(1,424,345)	1,447,879	1,188,737	(9,030,973)	(7,995,789)
-	8,395,000	-	18,065,000	19,118,947	-
-	618,138	-	3,385,777	1,708,413	-
46,300	74,483	85,080	254,721	117,765	182,218
-	-	-	(2,202,044)	-	-
4,842,955	6,339,150	6,314,431	7,142,236	9,857,892	5,975,583
(2,719,147)	(4,215,342)	(4,189,623)	(5,017,428)	(7,374,584)	(3,445,775)
2,123,808	11,211,429	2,209,888	21,628,262	23,428,433	2,712,026
$ 2,123,808	$ 9,787,084	$ 3,657,767	$ 22,816,999	$ 14,397,460	$ (5,283,763)
18.2%	17.5%	16.6%	16.4%	15.1%	15.6%

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CITY OF DESOTO, TEXAS **TABLE 5**

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

	Real Property			
Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Total Assessed Value	Total Direct Tax rate
2013	$ 2,313,596,055	$ 466,342,520	$ 2,779,938,575	0.7574
2014	2,402,889,269	474,468,022	2,877,357,291	0.7574
2015	2,510,330,406	507,665,624	3,017,996,030	0.7574
2016	2,682,537,966	447,907,641	3,130,445,607	0.7499
2017	2,998,752,687	535,052,182	3,533,804,869	0.7449
2018	3,315,801,528	568,601,030	3,884,402,558	0.7399
2019	3,653,591,267	403,677,718	4,057,268,985	0.7214
2020	3,946,379,867	751,698,250	4,698,078,117	0.7016
2021	4,025,313,400	783,797,074	4,809,110,474	0.7016
2022	4,848,596,325	589,592,922	5,438,189,247	0.7016
2023	5,295,347,641	799,983,280	6,095,330,921	0.7155

The estimated actual taxable value equals the total taxable assessed value.
All properties are assessed at 100% of actual taxable value.

Source: Dallas County Tax Office

CITY OF DESOTO, TEXAS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER $100 ASSESSED VALUE)
(UNAUDITED)

LAST TEN FISCAL YEARS

Fiscal Year	General Fund	Debt Service Fund	Total	Dallas County & School Equalization	Dallas Parkland Hospital	Dallas County Comm. College
2013	0.51990	0.23750	0.75740	0.25300	0.27100	0.11938
2014	0.53030	0.22710	0.75740	0.25310	0.27600	0.12470
2015	0.53030	0.22710	0.75740	0.25310	0.27600	0.12478
2016	0.52490	0.22500	0.74990	0.25310	0.27600	0.12365
2017	0.53490	0.21000	0.74490	0.25240	0.27900	0.12293
2018	0.54000	0.19990	0.73990	0.25310	0.27900	0.12424
2019	0.55000	0.17139	0.72139	0.25310	0.26950	0.12400
2020	0.55016	0.15139	0.70155	0.24974	0.26661	0.12400
2021	0.55016	0.15139	0.70155	0.23795	0.25500	0.12351
2022	0.55016	0.15139	0.71554	0.22795	0.25500	0.12551
2023	0.54425	0.14731	0.69155	0.22795	0.23580	0.11590

Note: Tax rate is at 100% of market value.

Total City, County, Hospital and College	DeSoto I.S.D.	Total City, County, Hospital, College and DeSoto I.S.D.	Dallas I.S.D.	Total City, County, Hospital, College and Dallas I.S.D.	Duncanville I.S.D.	Total City, County, Hospital, College and Duncanville I.S.D.
1.40078	1.44000	2.84078	1.29035	2.69112	1.43000	2.83078
1.41120	1.49000	2.90120	1.28209	2.69329	1.41000	2.82120
1.41128	1.47000	2.88128	1.28209	2.69336	1.41000	2.82128
1.40265	1.46000	2.86265	1.28209	2.68474	1.52950	2.93215
1.39923	1.46000	2.85923	1.28209	2.68132	1.52150	2.92073
1.39624	1.49000	2.88624	1.28209	2.67832	1.52150	2.91774
1.36799	1.52800	2.89599	1.31000	2.67799	1.41800	2.78599
1.34190	1.52909	2.87099	1.29674	2.63864	1.36760	2.70950
1.31801	1.38860	2.70661	1.24824	2.56625	1.31590	2.63391
1.32400	1.38860	2.71260	1.24824	2.57223	1.31590	2.63990
1.27120	1.25820	2.52940	1.18494	2.45613	1.25290	2.52410

CITY OF DESOTO, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended Sept 30,	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2013	$ 21,069,288	$ 20,922,192	99.30%	$ 80,145
2014	21,808,320	21,470,787	98.45%	262,330
2015	22,604,400	22,311,366	98.70%	189,317
2016	24,105,582	23,827,722	98.85%	145,564
2017	26,041,869	25,775,037	98.98%	81,298
2018	28,054,990	27,759,374	98.95%	149,772
2019	32,973,522	30,316,827	91.94%	144,383
2020	33,759,923	32,945,456	97.59%	145,302
2021	36,290,396	35,772,193	98.57%	139,299
2022	38,180,773	38,097,252	99.78%	98,934
2023	42,183,079	43,324,198	102.71%	-

Source: City of DeSoto Joint Tax Office and Dallas County Tax Office
* Includes Year to Date Adjustments to the Levy by the Tax Office

Total Collections to Date			
	Amount	% of Levy	Amount Outstanding
$	21,002,337	99.68%	$ 66,951
	21,733,117	99.66%	75,203
	22,500,683	99.54%	103,717
	23,973,286	99.45%	132,296
	25,856,335	99.29%	185,534
	27,909,146	99.48%	145,844
	30,461,210	92.38%	2,512,312
	33,090,758	98.02%	669,165
	35,911,492	98.96%	378,904
	38,196,186	100.04%	(15,413)
	43,324,198	102.71%	(1,141,119)

CITY OF DESOTO, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

CURRENT AND NINE YEARS AGO

	2023				
Taxpayer	Taxable Assessed Valuation (1)	Type of Business	Rank	Percentage of Total Taxable Assessed Valuation	Percentage of Top Ten Taxpayers to Assessed Valuation
Solar Turbines	$ 248,610,410	Manufacturing	1	4.08%	24.09%
Kohler Co	200,214,470	Manufacturing	2	3.28%	19.40%
Kohls Department Store	134,408,800	Distribution	3	2.21%	13.02%
WRH Properties Inc	87,135,470	Apartments	4	1.43%	8.44%
Lowes Home Centers LLC	77,553,900	Retail	5	1.27%	7.52%
Harvest A Southfield 35 LLC	67,939,760	Manufacturing	6	1.11%	6.58%
HLIT II CTC 3 LP	58,538,200	Manufacturing	7	0.96%	5.67%
821 Polk S Polk Street LLC	58,425,690	Public Utility	8	0.96%	5.66%
Centre Park Industrial LP	50,376,790	Manufacturing	9	0.83%	4.88%
Mack DeSoto LLC	48,750,000	Manufacturing	10	0.80%	4.72%
DeSoto Apartments Ltd	-	Apartments		-	-
Walmart Stores Inc	-	Retail		-	-
McGraw Hill Education	-	Manufacturing		-	-
DeSoto Ridge Apartments	-	Apartments		-	-
Cintas Corporation 2	-	Retail/Uniforms		-	-
WRH Mt Vernon Inc	-	Apartments		-	-
MaClay Carlin DeSoto LTD	-	Shopping Center		-	-
Shaw Feddern LP	-	Senior Living		-	-
Total	$ 1,031,953,490			16.93%	100.0%

Source: (1) Dallas County Appraisal District

2014

Taxable Assessed Valuation (1)	Rank	Percentage of Total Taxable Assessed Valuation	Percentage of Top Ten Taxpayers to Assessed Valuation
$ 172,448,420	1	5.99%	37.64%
		0.00%	0.00%
74,602,700	2	2.59%	16.29%
25,940,800	5	0.90%	5.66%
		0.00%	0.00%
		0.00%	0.00%
		0.00%	0.00%
24,031,020	6	0.84%	5.25%
		0.00%	0.00%
		0.00%	0.00%
21,200,000	7	0.74%	4.63%
31,065,390	4	1.08%	6.78%
55,498,080	3	1.93%	12.11%
17,800,000	9	0.62%	3.89%
20,972,450	8	0.73%	4.58%
		0.00%	0.00%
14,536,630	10	0.51%	3.17%
-		0.00%	0.00%
$ 458,095,490		15.93%	100.00%

CITY OF DESOTO, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

	Governmental Activities					
Fiscal Year	**General Obligation Bonds**	**Certificates of Obligation Bonds**	**Premiums**	**Notes Payable**	**Financed Purchases**	**SBITA**
2014	$ 45,570,481	$ 14,180,000	$ 3,616,570	$ 233,105	$ 336,989	$ -
2015	45,502,817	15,900,000	3,685,288	-	770,403	-
2016	45,500,391	13,730,000	3,887,036	-	635,708	-
2017	49,833,256	8,795,000	5,844,173	-	1,539,718	-
2018	45,466,456	7,735,000	5,361,245	-	1,321,865	-
2019	44,700,000	11,655,000	5,496,463	-	1,097,474	-
2020	39,850,000	11,310,000	4,981,002	-	925,765	-
2021	35,630,000	25,840,000	7,373,353	-	749,678	-
2022	30,255,000	44,698,947	569,114	-	569,833	-
2023	25,195,000	43,058,947	7,562,141	-	383,933	896,739

Source: Personal income and population data can be found in demographic and economic statistics table.

Business-Type Activities					
General Obligation Bonds	Certificates of Obligation	Premiums	Total Primary Government	Percentage of Personal Income	Per Capita
$ 2,944,519	$ 14,550,000	$ 497,835	$ 81,929,499	5.22%	1,591
2,847,183	13,870,000	456,277	83,031,968	5.25%	1,599
2,814,610	12,565,000	454,477	79,587,222	4.98%	1,513
4,811,744	10,305,000	783,267	81,912,158	5.06%	1,542
4,508,544	9,580,000	719,749	74,692,859	4.58%	1,394
4,025,000	13,910,000	1,046,116	81,930,053	4.90%	1,457
3,520,000	13,190,000	962,078	74,738,845	4.33%	1,263
9,300,000	13,145,000	2,883,289	94,921,320	5.80%	1,691
8,355,000	19,931,053	3,343,735	107,722,682	5.64%	1,821
7,420,000	18,981,053	3,070,815	106,568,628	5.73%	1,851

CITY OF DESOTO, TEXAS **TABLE 10**

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS

Fiscal Year	Population	Assessed Value	Total Bonded Debt (1)	Less Debt Services Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Per Capita
2014	51,483	$ 2,877,357,291	$ 77,245,000	$ 2,532,070	$ 74,712,930	2.60%	1,451
2015	51,934	3,017,996,030	76,585,000	2,820,786	73,764,214	2.44%	1,420
2016	52,586	3,130,445,607	74,610,000	3,194,715	71,415,285	2.28%	1,358
2017	53,128	3,533,804,869	80,372,440	3,641,392	76,731,048	2.17%	1,444
2018	53,568	3,884,402,558	73,370,994	4,031,605	69,339,389	1.79%	1,294
2019	56,224	4,057,268,985	82,688,248	4,581,544	78,106,704	1.93%	1,389
2020	56,145	4,698,078,117	73,881,573	4,730,594	69,150,979	1.47%	1,232
2021	56,145	4,809,110,474	83,915,000	5,116,923	78,798,077	1.64%	1,403
2022	57,565	5,438,189,247	103,240,000	4,575,525	98,664,475	1.81%	1,668
2023	57,583	6,095,330,921	91,579,021	5,733,066	85,845,955	1.41%	1,491

(1) Includes all long-term certificates of obligation and general obligation debt.

CITY OF DESOTO, TEXAS **TABLE 11**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2021

Taxing Jurisdiction	Total Tax Supported Debt (1)	Overlapping Percent Applicable	Overlapping Amount
Overlapping Debt			
DeSoto Independent School District	$ 106,219,545	82.72%	$ 87,864,808
Dallas County	217,675,000	1.68%	3,656,940
Dallas Independent School District	3,794,285,000	0.78%	29,595,423
Dallas County Community College District	375,515,000	1.68%	6,308,652
Dallas County Hospital District	543,495,000	1.68%	9,130,716
Duncanville Independent School District	180,145,000	7.02%	12,646,179
Total Overlapping Debt			149,202,718
City Direct Debt (Governmental Activities)	94,655,000	100.00%	94,655,000
Total Direct and Overlapping Debt			$ 243,857,718
Population			56,500
Ratio of direct and overlapping bonded debt to taxable assessed value			4.00%
Per Capita Debt-Direct and Overlapping Debt			$ 4,316

Source - First Southwest Company
(1) Includes general obligation bonds and certificates of obligation.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Texas City, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for paying the debt of each overlapping government.

CITY OF DESOTO, TEXAS

COMPUTATION OF LEGAL DEBT MARGIN
(UNAUDITED)

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Total Assessed Value	$ 6,095,330,921	$ 6,095,330,921	$ 4,809,110,474	$ 4,698,078,117
Debt limit - (10%) of total assessed value	609,533,092	609,533,092	480,911,047	469,807,812
Amount of debt applicable to debt limit:				
Total bonded debt (including special assessment bonds)	91,579,021	98,687,818	103,809,833	73,881,573
Less: assets in debt service funds available for payment of principal	5,733,066	4,575,525	5,116,923	4,730,594
Total amount of debt applicable to debt limit	85,845,955	94,112,293	98,692,910	69,150,979
Legal Debt Margin	$ 523,687,137	$ 515,420,799	$ 382,218,137	$ 400,656,832
Ratio of outstanding net debt to the debt limit	14%	15%	21%	15%

Note: City's Debt Management Policy, Version 4, Section 9.0, adopted by the City Council April 7, 2015.
"The total principal amount of general obligation bonds together with the principal amount of all other outstanding tax indebtedness of the City shall not exceed ten (10) percent of the total assessed valuation of the City's tax rolls."

TABLE 12

2019	2018	2017	2016	2015	2014
$ 4,057,268,985	$ 3,884,402,558	$ 3,533,804,869	$ 3,130,445,607	$ 3,017,996,030	$ 2,877,357,291
405,726,899	388,440,256	353,380,487	313,044,561	301,799,603	287,735,729
82,688,248	73,370,994	80,372,440	74,610,000	76,585,000	77,245,000
4,581,544	4,031,605	3,641,392	3,194,715	2,820,786	2,532,070
78,106,704	69,339,389	76,731,048	71,415,285	73,764,214	74,712,930
$ 327,620,195	$ 319,100,867	$ 276,649,439	$ 241,629,276	$ 228,035,389	$ 213,022,799
19%	18%	22%	23%	24%	26%

CITY OF DESOTO, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS
(UNAUDITED)

LAST TEN FISCAL YEARS

Fiscal Year	Population	Estimated Median Family Household Income (1)	Personal Income* (2)	Per Capita Personal Income*	Median Age
2014	51,483	60,945	1,569,047	30	36.1
2015	51,934	56,911	1,582,793	30	36.1
2016	52,586	60,945	1,599,616	30	36.1
2017	53,128	66,860	1,619,182	30	37
2018	53,568	64,575	1,632,592	30	36.1
2019	56,224	66,986	1,673,676	30	39.6
2020	59,159	71,496	1,725,668	29	37.09
2021	56,145	71,578	1,637,750	32	38.9
2022	59,159	71,496	1,910,481	32	37.09
2023	57,583	71,124	1,859,585	32	37.09

Education level in Years of Schooling	School Enrollment (3)	Unemployment Rate (4)
High School + 2 Years	9,200	5.8%
High School + 2 Years	9,600	4.0%
High School + 2 Years	9,872	3.5%
High School + 2 Years	9,742	4.7%
High School + 2 Years	8,971	5.2%
High School + 2 Years	8,716	4.3%
High School + 2 Years	8,500	4.4%
High School + 2 Years	8,700	4.4%
High School + 2 Years	8,500	8.4%
High School + 2 Years	7,344	4.6%

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CITY OF DESOTO, TEXAS

PRINCIPAL EMPLOYERS
(UNAUDITED)

CURRENT YEAR AND NINE YEARS AGO

	2023			2014		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
DeSoto ISD	1,004	1	7.35%	924	1	7.70%
Kohl's e-Commerce	800	2	5.85%	500	2	4.17%
City of DeSoto	468	3	3.43%	364	3	3.03%
Solar Turbines	350	4	2.56%	400	5	3.33%
Williamsburg Village	350	5	2.56%	210	8	1.75%
GlasFloss Industries	300	6	2.20%			0.00%
Marten Transport	250	7	1.83%	300	6	2.50%
Wal Mart Distribution	250	8	1.83%	240	7	2.00%
Hickory Trail Hospital	250	9	1.83%			0.00%
Vibra Hospital	168	10	1.23%			0.00%
DW Distribution	150	11	1.10%	124	13	1.03%
Cintas	150	12	1.10%	100	9	0.83%
Park Manor	125	13	0.91%	124	14	1.03%
Kroger	112	14	0.82%	125	12	1.04%
Tom Thumb	100	15	0.73%	150	10	1.25%
The Cedars	-	-	0.00%	100	17	0.83%
DIAB	-	-	0.00%	244	4	2.03%
Albertson's	-	-	0.00%	126	11	1.05%
ZEP Manufacturing	-	-	0.00%	118	15	0.98%
MCM Grande	-	-	0.00%	102	16	0.85%
Total	4,827		35.33%	4,251		35.40%

CITY OF DESOTO, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION/PROGRAM
(UNAUDITED)

LAST TEN FISCAL YEARS

Full-time Equivalent Employees as of Sept 30:

	2023	2022	2021	2020
Function/Program				
Governmental Activities:				
General Government	14	14	10	13
Public Safety	183	201	190	193
Development Services	24	28	21	23
Parks and Recreation Services	22	28	19	19
Finance	10	10	8	8
Municipal Court*	8	8	8	7
Library	15	15	9	10
Human Resources	7	6	5	5
Information Technology	9	9	7	7
Water & Sewer	35	34	34	34
Drainage	5	4	4	4
Sanitation	8	7	5	5
Total	340	364	320	328
Population	57,583	57,565	56,145	59,159
Staff per 1,000 population	5.90	6.32	5.70	5.54

* Formerly categorized with Financial Services.

Source: City of DeSoto Human Resource Department

TABLE 15

2019	2018	2017	2016	2015	2014
13	11	11	10	10	10
154	189	205	207	193	184
31	30	32	29	27	27
21	28	26	35	34	34
10	10	9	9	9	9
7	6	7	7	7	6
11	9	8	8	15	15
5	5	5	4	5	4
7	6	5	3	4	3
31	22	26	30	31	31
5	5	5	5	5	5
6	5	5	5	5	5
301	326	344	352	345	333
56,224	53,568	53,128	52,586	51,934	51,483
5.35	6.09	6.47	6.69	6.64	6.47

CITY OF DESOTO, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM
(UNAUDITED)

LAST TEN FISCAL YEARS

Function/Program	2023	2022	2021	2020
General government				
Number of public information requests processed	616	587	716	671
Public safety				
Number of youth outreach programs held	3	1	-	10
Number of senior citizen symposiums held	1	1	1	1
Number of citizen police academics per year	1	1	1	4
Fire code inspections completed	1,132	1,020	1,020	1,053
Development services				
Traffic signal inspections	-	36	36	36
Parks and leisure services				
Total fitness facility memberships	1,207	14,631	5,338	4,360
Total swimming pool attendance	13,385	8,014	-	-
Library				
Total children's' story time programs	326	105	-	88
Human resources				
Number of salary surveys completed	45	50	51	40
Finance				
Municipal court cases filed	7,243	6,388	4,879	6,691
Information technology				
Number of City computers replaced annually	58	114	91	95
Water and sewer				
Number of touch read meters changed out	399	423	488	1,497
Number of meters read monthly	18,548	17,862	17,800	17,561
Drainage				
Number of easements acquired for project construction	-	-	-	-
Sanitation				
Number of existing intersection landscapes renovated annually	24	24	24	23

Source: Information provided by the head of each department

2019	2018	2017	2016	2015	2014
618	403	469	503	386	392
10	5	5	5	5	2
1	1	1	1	1	1
4	1	1	1	1	1
1,857	1,430	1,477	1,433	389	235
76	36	36	68	68	34
4,147	3,215	2,128	4,017	1,139	4,433
17,591	16,257	18,624	16,699	17,723	15,817
116	134	55	69	63	61
24	47	51	40	25	21
7,747	8,088	9,425	10,101	10,077	12,371
74	67	94	61	24	58
1,497	1,604	1,692	1,740	1,580	4,224
17,561	17,740	17,570	17,387	17,254	17,484
-	-	6	7	-	-
24	18	6	18	4	17

CITY OF DESOTO, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
(UNAUDITED)

LAST TEN FISCAL YEARS

Function/Program	2023	2022	2021	2020
Public safety				
Police stations	1	1	1	1
Fire stations	3	3	3	3
Development services				
Lane Miles of streets	579	521	495	495
Miles of alleys	110	105	90	90
Traffic signals	28	28	17	17
Parks and recreation				
Number of parks	19	19	19	19
Civic centers	1	1	1	1
Swimming pools	1	1	1	1
Theater playhouses	1	1	1	1
Library				
Number of libraries	1	1	1	1
Water and sewer				
Water pumping capacity	39.5mg/day	39.5mg/day	39.5mg/day	39.5mg/day
Elevated water storage	5mg.	5mg.	5mg.	5mg.
Ground storage	13mg.	13mg.	13mg.	13mg.

2019	2018	2017	2016	2015	2014
1	1	1	1	1	1
3	3	3	3	3	3
495	495	495	495	495	493
90	90	90	90	90	90
17	17	17	17	17	17
19	19	19	19	19	19
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
39.5mg/day	39.5mg/day	39.5mg/day	39.5mg/day	39.5mg/day	39.5mg/day
5mg.	5mg.	5mg.	5mg.	5mg.	5mg.
13mg.	13mg.	13mg.	13mg.	13mg.	13mg.

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